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WEDNESDAY, 19 JULY 2006

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

**Prayers.**

**QUESTIONS FOR ORAL ANSWER**

**QUESTIONS TO MINISTERS**

**Taito Phillip Field—Ingram Report**

1. Dr DON BRASH (Leader of the Opposition) to the **Prime Minister**: What concerns did the Ingram report she released yesterday outline about work carried out by four Thai people on Taito Phillip Field’s house in Samoa, and does she agree with the statement in the report “If the allegations in relation to further Thai labour working on Mr Field’s house in Samoa are to be resolved, it would be necessary for an authority with appropriate powers of investigation to inquire further.”?

   **Rt Hon HELEN CLARK** (Prime Minister): Dr Ingram expressed concern that the workers may have worked on the house out of gratitude or some other sense of obligation, although he found no direct evidence of that. In respect of the second part of the question, the statement is correct, but I do not consider further expenditure of public money warranted.

   **Dr Don Brash**: Does the Prime Minister accept that it would be a total abuse of office for any member of Parliament to seek the exercise of discretion by the Minister of Immigration on behalf of foreign nationals, and receive in return, in effect, slave labour from those foreign nationals; if so, why will she not authorise the further inquiries identified by Dr Ingram as being required to get to the bottom of the matter?

   **Rt Hon HELEN CLARK**: What I have learnt from this very comprehensive and thorough report is that there were significant errors of judgment. The member should note that Mr Field is no longer a Minister.

   **Gordon Copeland**: I raise a point of order, Madam Speaker. I am sorry, but I was not able to hear the Prime Minister’s response to that question. Of course, those of us down here in the Chamber would be keen to hear her on this subject.

   **Madam SPEAKER**: I thank the member for reminding the House that it is important that people hear not only the questions but also the answers.

   **Darren Hughes**: Has the Prime Minister seen any other reports calling for further inquiries into these matters?

   **Rt Hon HELEN CLARK**: Indeed I have. I have seen a call at 3.36 p.m. yesterday from Dr Brash for me to order a commission of inquiry. I have seen a further report of a call at 5.11 p.m. from Gerry Brownlee, saying: “I think the first point to clear up is that we are not calling for a commission of inquiry.” Which is right?

   **Tariana Turia**: Would the Prime Minister consider that the contribution by the Exclusive Brethren to the National Party is similar to people painting Taito Phillip Field’s house, or are there two standards of conduct operating?

   **Rt Hon HELEN CLARK**: I have wondered whether, in return for services by the Exclusive Brethren to the National Party is similar to people painting Taito Phillip Field’s house, or are there two standards of conduct operating?

   **Heather Roy**: Does the Prime Minister accept that the real problem she has with Taito Phillip Field is that she has no moral authority to deal with his abusing his position of privilege, as she herself got away with signing a painting that she did not paint, sped through South Canterbury at 170 kilometres an hour and declared it was not her fault, and broke the electoral law by spending $400,000 of taxpayers’ money on the
pledge card at the last election; with that sort of leadership, is it any wonder that her Ministers behave in the same way she does?

Rt Hon HELEN CLARK: If I were an ACT member, I would not be drawing attention to expenditure of parliamentary budgets. I have all the authority I require to deal with Ministers, and I note that Mr Field is not a Minister.

Dr Don Brash: Does the Prime Minister accept that this Parliament has the absolute right to establish conclusively whether Mr Field did, in fact, receive the benefit of slave labour on his house in Samoa in return for immigration favours; if so, why is she standing in the way of Parliament being able to get to the bottom of the matter?

Rt Hon HELEN CLARK: I would like the National Party members to sort out what they are calling for. Is it a commission of inquiry, as Dr Brash wants? Is it not a commission of inquiry, as Gerry Brownlee says? What sort of inquiry is it?

Gerry Brownlee: I raise a point of order, Madam Speaker. I invite the Prime Minister to release the entire transcript of my comment, because, as she said today, Dr Ingram could find no more than he found because of the limitations of his inquiry. An inquiry conducted under the Commissions of Inquiry Act 1908 would give him that authority, and the question is why she wants to stop that.

Madam SPEAKER: That is not a point of order; it is a matter of debate.

Dr Don Brash: When did the Prime Minister become aware during the past 10 months that Dr Ingram was being hampered by key witnesses refusing to talk to him, and what action did she take to ensure that Dr Ingram was given the power he needed to get to the bottom of the matter?

Rt Hon HELEN CLARK: I am not aware that at any time Dr Ingram requested other powers. Indeed, I would like to refer to that part of the report where Dr Ingram stated: “Even if I had possessed the power to administer oaths, and to compel the attendance of witnesses and the production of documents, the process of inquiry may not have been significantly more satisfactory.”

Dr Don Brash: Does the Prime Minister not understand that the only interpretation that can be placed upon her refusal to get to the truth of Mr Field’s conduct is that she is participating in a cover-up of Mr Field’s improper and possibly unlawful activities; if so, what does that say about the credibility of her Government?

Rt Hon HELEN CLARK: Of course it does not mean that. It means that, as Prime Minister, I consider that quite enough money has been spent on this matter. I have drawn clear conclusions from it, Mr Field is not a Minister, and I confidently expect that Dr Brash will now pass the baton to the next member because he has run out of puff.

Dr Don Brash: Does the Prime Minister accept that for a member of Parliament to accept slave labour in return for immigration favours would be nothing short of corruption; if so, why is she prepared to allow that in her Government?

Rt Hon HELEN CLARK: I have seen no evidence whatsoever of slave labour. But what I have drawn from the report is that there were errors of judgment, and I have acted accordingly.

Dr the Hon Lockwood Smith: Does she consider the outcome of the Noel Ingram inquiry to be satisfactory in respect of the behaviour of Taito Phillip Field, when Noel Ingram himself has stated that he has been unable to establish whether Thai immigrants assisted by Mr Field painted the interior of a house owned by Mr Field in Auckland, and has said that he is concerned by “the unsatisfactory nature of the explanations provided by Mr Field in relation to that painting”; if so, why?

Rt Hon HELEN CLARK: Again, I draw the member’s attention to Dr Ingram’s view that even if he had had the power to administer oaths and order the production of documents, the inquiry might not have been significantly more satisfactory.
Hon Phil Goff: Does the Prime Minister consider the term used by a previous questioner, “slave labour”, curious coming from the man who has always opposed having a minimum wage?

Rt Hon HELEN CLARK: Indeed, there is a rich irony in the Leader of the Opposition’s position. I understand that he was prepared to see wages fall to their clearance level, which would probably have meant people paying to do the job.

**Butter—European Commission, Suspension of Trade**

2. DIANNE YATES (Labour) to the Minister of Trade: What steps has he taken in response to the decision by the European Commission to suspend butter trade from New Zealand?

Hon PHIL GOFF (Minister of Trade): We clearly had a very serious situation with the announcement by the European Union that it was going to suspend our butter trade. On hearing of it on Friday night, I immediately sent electronically a letter to the agriculture commissioner, Mariann Fischer Boel, pointing out the serious consequences that such a move would have. I followed that up first thing on Monday morning, European time, with a personal call to commissioner Mariann Fischer Boel. I pointed out to her that it would be very damaging to New Zealand trade, that there was a need for the butter that had already been shipped out from New Zealand to be able to be licensed so it could be sold on supermarket shelves, and that we then needed to deal as soon as possible with the problem posed by the regulations being ruled invalid. I was very pleased to get a positive response from the agriculture commissioner. She has honoured her word and she has acted in support of New Zealand exports.

Dianne Yates: What specific steps has commissioner Fischer Boel taken in response to his representations?

Hon PHIL GOFF: The most important specific step that she has taken was in response to the specific request that I put to her, which was to allow all butter that was either on the water or in bonded warehouses in Europe to be able to be licensed and therefore sold. That means that Fonterra can have its product on supermarket shelves through until at least October of this year. That reduces the risk of disruption to our trade while we get on and encourage the European Union to respond by redrafting the regulations as quickly as possible, but obviously in close consultation with New Zealand.

Dianne Yates: On what basis did the commissioner agree to make this change, and will the suspension be lifted by October?

Hon PHIL GOFF: The commissioner accepted our arguments that it was necessary in order to respect and protect the legitimate expectations of the trader concerned and to provide for smoother trade flows, while respecting the judgment of the European Court of Justice. The lifting of the suspension of the butter trade will actually occur once the new regulations replacing those that have been ruled invalid are put in place. I hope that with a real effort by the commission, working with our officials, that task can be accomplished within the required time frame and without any serious disruption to the trade.

Hon Trevor Mallard: In light of the silence from the Opposition members, will the Minister accept the thanks of the House and the people of New Zealand for his prompt and efficient work, and does he accept that it is a sad state of affairs that the National Party cannot even congratulate him on that very good work?

Hon PHIL GOFF: To be fair, I have discussed the matter with Tim Groser. This has been a difficult situation, and I am pleased that in trading matters generally the Government receives the assistance and support of all parties in the House.
Immigration Applications—Ministerial Discretion

3. Dr the Hon LOCKWOOD SMITH (National—Rodney) to the Minister of Immigration: What discretion, if any, does he or an Associate Minister have in relation to immigration applications, and how does he exercise such discretion?

Hon DAVID CUNLFIEF (Minister of Immigration): The Immigration Act 1987 gives broad discretion to the Minister of Immigration in relation to immigration decisions. The majority of applications are decided by immigration branches according to Government policy. Decisions outside policy can be referred to the Minister, and the majority of those are delegated to the Associate Minister.

Dr the Hon Lockwood Smith: Would the Minister expect a discretion to be exercised to direct a work visa to be issued to someone who had shown such contempt for New Zealand law as to be an illegal overstayer for 8 years and working illegally during that time, and someone who had also been declined refugee status, such as Dr Ingram has reported was the case of Mr Siriwan, who was given such a direction by the Associate Minister in June 2005; if so, why?

Hon DAVID CUNLFIEF: It is important to note that all matters regarding the Ingram inquiry do not fall within my jurisdiction as Minister of Immigration. With regard to the general point about the criteria used for exercising discretion, it is important that Ministers can, and do, have regard to all of the relevant factors. They, of course, receive representations from members on both sides of the House.

Dr the Hon Lockwood Smith: Would the Minister expect a discretion to be exercised to direct the cancellation of a removal order by the border and investigations branch and the issuing of a work visa to a person who had been an illegal overstayer in New Zealand for almost 5 years and who had been deported from New Zealand following her being declined by the Refugee Status Appeals Authority on two separate occasions; if so, why?

Hon DAVID CUNLFIEF: In general terms, every case is different, and Ministers must have regard to all factors placed before them. It is important to note—

[Interruption]

Madam SPEAKER: It is very difficult to hear. Would the Minister please continue.

Hon DAVID CUNLFIEF: It is important to note that such cases are put before Ministers by members from both sides of the House, and all are given an opportunity to comment on draft decisions.

Dr the Hon Lockwood Smith: What action would be taken by the Minister of Immigration on finding that a submission made to him by a fellow Minister seeking that he grant a work permit under section 35A of the Immigration Act to allow an illegal immigrant to continue working and supporting his child was false because the child was not, in fact, in New Zealand, as was the case with Taito Phillip Field’s submission on behalf of Mr Siriwan, as reported by Noel Ingram QC?

Hon DAVID CUNLFIEF: I repeat that matters pertaining to the Ingram inquiry do not fall within my responsibilities as Minister of Immigration and that, in general terms, all cases must be decided on their individual merits.

Dr the Hon Lockwood Smith: Would the Minister expect a discretion to be exercised to direct the issuing of a work visa, as an exception to policy, on the submission made by a fellow Minister, when the submission involved the person working without pay for that fellow Minister and the person had been seen at the home of that fellow Minister by the Minister of Immigration, as was the case in Mr Field’s submissions in respect of Mr Siriwan?

Hon DAVID CUNLFIEF: For the fourth time, I say that thinly veiled references to matters already covered in the Ingram inquiry have been dealt with within that inquiry.
Keith Locke: Does the Minister think it is unduly onerous for Ahmed Zaoui to have to wait over 3 years for the assessment of the security risk certificate hanging over him to be completed; and, in view of the indefinite extension of the security risk certificate process by the Inspector-General of Intelligence and Security, will the Minister entertain either lifting the security risk certificate applying to Mr Zaoui or, alternatively, allowing Mr Zaoui’s wife and children—all of whom are recognised as refugees by the United Nations High Commissioner for Refugees—to have at least temporary residence in New Zealand while that process is being completed?

Hon DAVID CUNLIFFE: There is a due and lawful process under way in respect of that case, and it would be inappropriate for me to prejudge matters upon which I am at some point due to receive a briefing.

Keith Locke: I raise a point of order, Madam Speaker. My question asked whether it was unduly onerous and whether the Minister would entertain the two alternatives I have proposed. For him just to talk about a process is not answering the question.

Hon DAVID CUNLIFFE: I repeat that there is a due and lawful process under way, which I will not prejudice. In respect of the second of the member’s points, I will say that I have received an application for Mr Zaoui’s family to come to New Zealand, and I have declined that on the ground that the process is still under way.

Dr the Hon Lockwood Smith: I raise a point of order, Madam Speaker. In relation to two or three questions that I have asked in the last few minutes, the Minister has declined to accept responsibility as the Minister of Immigration for decisions made under the authority of the Minister of Immigration. I seek your ruling that the Minister cannot avoid responsibility and accountability to this Parliament. He is the Minister of Immigration; he is accountable for decisions made directly by him and his Associate Minister.

Hon DAVID CUNLIFFE: The member’s questions pertained to specific historical cases that were the subject matter of the Ingram inquiry.

Madam SPEAKER: As I heard the Minister’s answer, he said he was not responsible for the report and then went on to address the question relating to immigration. So, in effect, that is not a valid point of order. He addressed the question relating to immigration, in this sense, by pointing out what the approach and the policy is on that matter. He may not have done it specifically, but he did address that question on the approach.

Hon Murray McCully: I raise a point of order, Madam Speaker. My recollection of the Minister’s response is different from your own. I do not recall the Minister saying to the House that he was not responsible for the report; he said he was not responsible for the matters that were the subject of the report. That is a very different response. I put it to you, Madam Speaker, that to the extent that the matters covered by the report fall within the purview of the Minister of Immigration, he indeed is so responsible, and should, therefore, answer questions accordingly.

Madam SPEAKER: As I said, of course the Minister is responsible for matters relating to immigration. He did address the question on that—obviously not to the satisfaction of the member, however.

Gerry Brownlee: I raise a point of order, Madam Speaker. I think you missed the point. In Mr Cunliffe’s last answer you will recall that he said, in a somewhat supercilious fashion, that for the fourth time he made the point that the question related to matters in the report for which he was not responsible. That is simply not the case. Whether the matters are in the report is irrelevant to the responsibility he has to Parliament to account for his portfolio responsibilities.

Madam SPEAKER: I have ruled on this matter.
Dr the Hon Lockwood Smith: Would the Minister, specifically, direct the issuing of a work visa, as an exception to policy, on the submission of a fellow Minister, involving a person working without pay for that fellow Minister, and whom the Minister saw in Samoa in that fellow Minister’s house, prior to making his direction that a work visa be issued to that person—does the Minister accept accountability for that decision?

Hon DAVID CUNLIFFE: If the member is referring to a hypothetical set of circumstances, then I decline to give a hypothetical answer. If the member is referring to an actual case that he wishes to put before me, he is most welcome to do so.

Export Year 2007—Tax Relief

4. R DOUG WOOLERTON (NZ First) to the Minister of Finance: Has he received any reports regarding the virtues of providing tax relief to aid the performance of exporting companies, and is he considering providing tax relief for exporters as part of Export Year 2007?

Hon Dr MICHAEL CULLEN (Minister of Finance): The most recent report of many I have received on this and similar matters is from David Skilling of the New Zealand Institute, along with comment in support of it. All aspects of business taxation are being considered as part of the business tax review, which is a provision of the confidence and supply agreements with both New Zealand First and United Future.

R Doug Woolerton: Can the Minister see the potential value in changes to the taxation regime for exporters, especially in the wake of recommendations of the report of the New Zealand Institute, which outlines changes to the tax regime as an important part of providing incentives for New Zealand business to expand into overseas markets?

Hon Dr MICHAEL CULLEN: Certainly I believe that these matters are worth considering alongside other changes within the taxation system.

Shane Jones: Has the Minister seen any reports on the priority that should be accorded to changes to business tax, such as tax relief for exporters?

Hon Dr MICHAEL CULLEN: I have seen reports indicating that no specific tax relief should be given to exporters and that any relief in business tax in general should wait until after some billions of dollars a year of personal tax relief—and only if it can then be afforded. That was a National Party policy at the last election.

John Key: Is the Minister of the view that New Zealand companies that export to America could, in fact, be in need of some export incentives following the performance of New Zealand’s Minister of Foreign Affairs, the Rt Hon Winston Peters, who clearly set back our relationship with America by rudely interrupting Senator John McCain, a friend of New Zealand; or will the Minister reserve his view about tax incentives for New Zealand companies that export to America until we see whether they are in even greater need post Mr Peters’ meeting with Condoleezza Rice?

Hon Dr MICHAEL CULLEN: I am sure the slightly hurt feelings of two or three New Zealand reporters who were asked to leave the interview as a result of a misunderstanding will not affect New Zealand’s trade with the United States.

R Doug Woolerton: Can the Minister confirm that New Zealand First has been a key contributor to the discussions surrounding Export Year 2007, and that New Zealand First has long advocated policies aimed at boosting our trade performance, such as tax abatement schemes on new exports?

Hon Dr MICHAEL CULLEN: I can confirm that New Zealand First has consistently promoted support for stronger exporting and, indeed, for savings—unlike some parties in the House, which regard both savings and exporting as somehow irrelevant to economic performance.
Police—Priorities

5. SIMON POWER (National—Rangitikei) to the Minister of Police: Is she satisfied that police effectively prioritise their time and resources; if so, why?

Hon ANNETTE KING (Minister of Police): In general, yes. The responsibility for prioritising time and resources rests with the commissioner and the district commanders, but it is clear that some confusion has arisen in some districts in the past around traffic enforcement priorities. I was pleased to see in today’s Manawatu Standard that district commander Mark Lammas, whose district has been in the news lately, makes it clear that Commissioner Broad’s 5 July policy directive is to be the only basis for all traffic enforcement. At the end of the question I will seek to table that article from the Manawatu Standard and an 18-month-old memo from the Levin police that illustrates the need for Commissioner Broad’s clear policy statement on 5 July around road policing enforcement policy.

Simon Power: Does she stand by her previous statements that the police do not have traffic ticket quotas; if so, how does she reconcile them with the memo from Levin police that states that for those officers who did not issue the “required level” of tickets it may “affect their annual pay increments” and that if they did not want to issue tickets they would be busted down to part-time employees and “lose 20 percent of their pay”?

Hon ANNETTE KING: Shock, horror, probe! There is not, and never has been under this Government, a quota for tickets. I cannot—[ Interruption]

Madam SPEAKER: I ask members, for the last time, to give to those who are replying to questions the same courtesy that is given to those who ask questions, to enable them to be heard.

Hon ANNETTE KING: There is not, and never has been under this Government, a quota for traffic tickets. I cannot confirm what the policy was under the previous Government. The memo the member is talking about is from a senior sergeant at Levin Police Station, written 18 months ago. I think it is important, as I said in my first answer, that any misconceptions from the police around issuing tickets as a quota should be cleared up, which is exactly what the Commissioner of Police has done with his directive. I am pleased there is now a very clear directive from the commissioner, because it reflects the Government’s policy, not some policy made up by a police officer.

Metiria Turei: How does the Minister explain to the families and victims of various serious crimes that the police are using precious time and resources to arrest paraplegics, tetraplegics, and wheelchair-bound people for the medicinal use of cannabis, when 63 percent of New Zealanders believe that doctors should be able to prescribe cannabis as a medicine to patients who desperately need it?

Hon ANNETTE KING: I can justify the action of the police in arresting people who break the law. It is against the law to smoke cannabis. Unless there is a change in the law, the police have every right to arrest people who break the law.

Simon Power: Does she stand by her response to my written question, received yesterday, which states that the police do not receive bonuses, financial or otherwise, if they issue a particular number of traffic offence notices; if so, how does she reconcile that with the Levin memo that states, with regard to “good performers”, that their performance appraisals will reflect this fact and “I’m also looking at some other benefits to top performers.”?

Hon ANNETTE KING: Again, no, there is no bonus given for the issuing of tickets, but I am not going to make any excuse for the police not carrying out their duty to reduce crime, crashes, injury, and death on our roads. If that member wants to make a big issue out of tickets, rather than concentrating on the big picture, so be it. Most New
Zealanders want our roads to be safer. Most New Zealanders do not want to receive a call in the middle of the night, telling them that a loved one has been killed. They want safer roads. The only people who get tickets in New Zealand are people who break the law. I can only assume that member supports lawbreakers.

Russell Fairbrother: Can the Minister provide an example of what she considers to be the police effectively prioritising their time and resources?

Hon ANNETTE KING: Yes, I am pleased to tell the House that 30 search warrants were executed in Wairoa today by the police. That has led to 16 arrests for a range of criminal activities, and 11 of those arrested are gang members. I think that is a good example of prioritising around organised criminal activities. I am sure Chester Borrows, MP for Whanganui, will be pleased to see that the British police who chose to go to Wairoa are helping to make an impact already.

Simon Power: Can the Minister give the public an assurance that issuing traffic tickets is not being given priority over other crimes, when police officers like those who received this memo are told: “While I realise that some staff may have more skills at catching crooks than writing tickets, I do expect that all staff will get involved in traffic enforcement.”?

Hon ANNETTE KING: All general duties police are expected to be involved in road policing and other policing duties. I make no excuse and no apology for that. I believe it is right and proper that when police are out in their cars, they also police what happens on the roads. For the life of me, I cannot see what is wrong with that.

Peter Brown: Will the Minister confirm that as a result of the confidence and supply agreement with New Zealand First, there is now a greater priority given to significantly increasing police numbers, thereby increasing police time, and how does that compare with the previous National Government’s priority of addressing crime by way of the INCIS computer and cardboard cut-outs, thereby reducing police time?

Hon ANNETTE KING: That is the irony of questions from the National Party on policing, because not only was the National Government responsible for the issues the member has mentioned but also it was responsible for a report on the police that, if it had been implemented, would have seen police being removed from the beat—not 100 police but many hundreds. The infamous Martin report would have decimated the New Zealand Police. The police have not forgotten it, and they certainly will not forget the commitment to them from this Government and New Zealand First.

Simon Power: Does the Minister think it is appropriate to pressure police officers to issue a certain number of traffic tickets by not only threatening to dock their pay but also posting up a “name and shame” list that ranks officers according to the number of tickets they issue per hour?

Hon ANNETTE KING: No, I do not think that is appropriate behaviour. I think that rather than the member opposite screaming across the House, in an effort to get his name on television again in his leadership bid—Mr English, if members would like me to name him—if he were to read the press release from Mark Lammas, who is the district commander, he would see his response to that memo. It really distresses me that all the Opposition does is to attack the New Zealand Police. No matter what the police do, the Opposition does is to attack the New Zealand Police. No matter what the police do, the Opposition attacks them. How about a bit of praise and support for the fantastic job that they do, day after day? [Interruption]

Madam SPEAKER: I cannot hear what the Minister is saying. Would she please repeat her answer.

Hon ANNETTE KING: I am very happy to do so. I am most distressed at the Opposition tactics of day after day—[Interruption]

Madam SPEAKER: I am serious about this. Members are trying to listen to answers as well as to questions. Some members will be asked to leave the Chamber unless they
keep the level of disruptive intervention down. Would the Minister please succinctly answer the question.

Rodney Hide: I raise a point of order, Madam Speaker. You are quite right, of course, Madam Speaker. I am one of the quiet ones who is trying to hear the answers, but the difficulty that occurs is that the Minister, rather than addressing the question, is using the opportunity to take pot-shots across the House. That is what brings the House into disorder. I am sure that if the Minister addressed the question, rather than going outside the Standing Orders to make cheap political points, there would be a lot more order in this House. I suggest that we have a standard whereby just as we are required to stick within tight rules with regard to questions, so too when Ministers answer questions they are required to stick within tight rules.

Hon Dr Michael Cullen: In fact, of course, that latter point is honoured much more in the breach than in the observance on many, many occasions, and to talk about pot-shots being taken only in answers is to draw a very, very long bow indeed. We have to sit on the Government side of the House and listen to questions that include all sorts of pot-shots, and we have listened to them in total silence.

Madam SPEAKER: Yes, I agree. I thank the member for his contribution, but normally those responses are also in response to interjections. So I ask all members, in asking and answering questions, to stick to the point. I ask the Minister to please answer the question succinctly.

Hon ANNETTE KING: I am distressed that day after day Opposition members attack the New Zealand Police. They do not give the police the praise they deserve. Those people are out working for us 24/7, carrying out jobs most of us cannot even imagine, and all that Opposition members do is to attack the police. I am not responsible for the issuing of tickets; the police are. So although members opposite think they are getting at me, they are actually attacking the police.

Simon Power: Will the Minister now apologise to the Prime Minister for the embarrassment she must now feel, given that the Prime Minister has already told the country a number of times that the first central district memo was a daft one-off that had “nothing to do with police policy”, and that “I don’t think one swallow makes a spring”; or how many memos like this one will it take before the Government concedes that this is not a one-off event but is policy?

Hon ANNETTE KING: First of all, no, I will not be apologising to anyone—and I certainly would not apologise to that member, who constantly makes up the story to suit himself. The first mistake he made was that it was not the Prime Minister who said that was a daft memo; it was district commander Mark Lammas. The Prime Minister quoted district commander Mark Lammas, who said it was a daft memo. It is interesting that this problem has come out of one district. The district commander addressed it in his statement today, but, more important, the Commissioner of Police addressed it in his policy statement on 5 July. There is a very clear policy statement for the New Zealand Police to follow. I will be judging the police on how closely they follow that directive.

Simon Power: Can she reassure the House that there are no further memos from any district instructing the police to give priority to ticket-writing over other crime?

Hon ANNETTE KING: No, I cannot. What I can assure this House of, and those who are listening, is that there is no Government policy to have a quota for tickets. There is no such Labour-led Government policy, although I am happy to go back to see what the policy was under the National Government. But there is certainly no such policy under this Government. What I will be judging the police on from this day forward is the policy directive issued by the Commissioner of Police. I expect his directive to be carried out by police officers around New Zealand. Should there be memos that reflect anything other than that, then I would be very concerned, indeed.
Simon Power: I seek the leave of the House to table the memo under discussion, which reflects the fact that if a certain performance in respect of the writing of tickets is not met, that “may affect their annual pay increments”.

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

Hon ANNETTE KING: I seek leave to table the statement put out by district commander Mark Lammas’ statement in relation to that 18-month-old memo, which the member thought he had got as a scoop, when it was not.

Madam SPEAKER: Leave is sought to table that document. Is there any objection? There is no objection. [Interruption] There is objection? The Minister asked for leave to table a document. I did not hear anyone object—

Hon Member: Yes, I did.

Madam SPEAKER: The member objects. I am sorry; I did not hear the objection. But if the member says there was an objection, then the document will not be tabled.

Hon Bill English: I raise a point of order, Madam Speaker. It is a convention, when leave is requested, that it is done without extraneous comments, and the Minister used extraneous comments. She should ask for leave properly.

Madam SPEAKER: I remind all members that when they ask for leave, they take note of that matter.

Local and Central Government—Relationships

6. STEVE CHADWICK (Labour—Rotorua) to the Minister of Local Government: What reports has he received, if any, on the relationship between central government and local government?

Hon MARK BURTON (Minister of Local Government): I heard a speech made by the President of Local Government New Zealand, Mr Basil Morrison, at the Local Government New Zealand annual conference on Monday. In this speech he welcomed investment by central government in building local government capability and commended the Government’s expanded and revised rates rebate scheme. Indeed, as I myself acknowledged yesterday to the conference, the building of the strong and mature, mutually respectful working relationship plays a critical role in ensuring the well-being of New Zealand.

Steve Chadwick: What other reports on the relationship between central government and local government has the Minister received?

Hon MARK BURTON: At the same conference, I heard another speech bizarrely directing local government to stand up for themselves—as though they do not—and to not be meekly steamrolled by Labour, as well as a further patronising description of local government leaders as “frustrated middle management” and “introverted in their thinking”. These insulting comments—and I want to assure members that local government leaders were deeply insulted—were made by the current National Party leader, Dr Brash. How this contrasts with a report I have recently seen that states: “This Labour Government is better connected to this city than any other administration in our country’s history.” That came from former Auckland mayor and former National Party local government spokesperson, John Banks.

John Carter: Does the Minister think that relationships between local and central governments, and between central government and ratepayers, are enhanced when the Helen Clark - led Labour Government continues to shift responsibility from central government to local government, as reported in the speech by Wellington mayor, Kerry Prendergast, yesterday, where she told the Local Government conference that Wellington ratepayers will have to meet an extra $750,000 out of their ratepayer pockets to administer the Building Act, an extra $220,000 because of the Dog Control Act, an
extra $160,000 because of the Hazardous Substances and New Organisms Act, in excess of $1,000,000 because of the earthquake legislation, that the Food Act will cost the Wellington ratepayers an extra $35,000, and that some ratepayers will have to meet more than a $4,000 rate increase if the water quality standards go through?

Hon MARK BURTON: Perhaps that is the speech Dr Brash should have tried yesterday. But, firstly, I can say that what does enhance the relationship is the response that was able to be given that in the last 6 years the investment from central government in local government has gone from 8 percent to 13.3 percent of local government’s entire expenditure; $665 million has transferred. Secondly, many of the matters the member raises are, of course, cost recoverable. Although National members may regard sanitary conditions and clean water as optional extras, New Zealanders do not. They demand First World standards, this Government is committed to them, and in my experience, most of Local Government New Zealand agrees with us.

Madam SPEAKER: I remind members this is question time, not the general debate. So both questions and answers should be asked and answered succinctly.

Te Ururoa Flavell: He aha ngā pūrongo kua tae atu ki a ia mō te kaha, ngoikore rānei o ngā kaunihera ā-rohe ki te whakatinana i te hōhonutanga o Te Ture Kāwanatanga ā-Rohe 2002 ki te “poipo i a Ngāi Māori kia whaimana ai tana noho i au a rōpū ā-rohe”?

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

[What reports has he received about the effectiveness of local bodies in implementing the requirements of the Local Government Act 2002, to “foster Māori capacity to contribute to the decision-making processes of the local authority”?

Hon MARK BURTON: I have not received any recent reports, but I would be happy to follow up that matter with the member and give him a written response to his inquiry.

National Certificate of Educational Achievement—Design Issues

7. Hon BILL ENGLISH (National—Clutha-Southland) to the Minister of Education: What is he doing to address National Certificate of Educational Achievement (NCEA) design issues that act as “disincentives to maximising student motivation and achievement” and “could have a negative long-term impact on persistence and endeavour factors seen as necessary for being successful in the future”?

Hon STEVE MAHAREY (Minister of Education): The research the member is referring to found two areas of potential demotivation for NCEA. The first was the notion that 80 credits can be viewed as a maximum and not a minimum. The second was the fact that unit standards do not offer an excellence grade, which may demotivate students. Both of those issues are being looked at. The first is being looked at by trying to address the issue through awarding the certificate on the basis of the number of merit or excellence grades, and the second by considering whether unit standards should have excellence grades attached to them. Both of those issues have been looked at for some time by the Secondary Principals’ and Leaders’ Forum and the technical overview group, and I am awaiting some opinions from them.

Hon Bill English: What does the Minister plan to do about the large number of students who can, without record or penalty, show up to an exam, take a look at the questions, and decide they will not sit the exam—for instance, the 22 percent of the 29,000 pupils who entered for level 2 English this year, and who came along, looked at the exam, decided they might fail it, so walked out?
Hon STEVE MAHAREY: I cannot imagine that there is not someone sitting on the other side of the House with a university degree who has not had the same experience, but what this boils down to, according to Luanna Meyers’ research, is that we are looking forward to joining up effective teaching with NCEA, to provide better motivation and understanding for students who are sitting these exams. That is what she suggests should be done, and that is what we will focus on.

Dr Ashraf Choudhary: Why did the Government commission this research?

Hon STEVE MAHAREY: As members in the House will know, motivation is an issue in any assessment system. It has been an issue in School Certificate and university entrance previously. We wanted to know whether there were issues in NCEA we needed to address. The research told us that NCEA is fundamentally sound. It allows schools to shape teaching around the way different students learn. Students, teachers, and parents were overwhelmingly positive about the impact of internal assessment on study habits, behaviour, and achievement. Students are very positive about the mix of internal and external assessment. As I noted earlier, there were two areas of motivation that we thought needed to be addressed from that research, and they are being addressed.

Hon Brian Donnelly: Can the Minister confirm that the report referred to shows that students perceive unit standards to be easier than achievement standards; and could it be that the decision to include pass/fail unit standards in NCEA, made after the breakdown of the National - New Zealand First Government, has added significantly to the reported impact of NCEA on student motivation?

Hon STEVE MAHAREY: I can confirm that unit standards, of course, came into being under the previous National Government, which did not seem to feel the necessity for anything other than a pass/fail approach. That is one of the reasons we are looking at that now, to see whether we should join an excellence grade to that particular assessment process—and, once again, it is one of the ironies of having the National Party question the system when they invented the pass/fail system in the first place.

Judy Turner: Does he accept that not all students are being given the same opportunities to gain NCEA credits, due to inconsistent policy that sees many schools encouraging their students to resubmit improved work to get a second chance at failed NCEA credits, while other schools prevent their students from having this opportunity; if so, will he now insist that NCEA assessment rules are applied universally?

Hon STEVE MAHAREY: I do not know of any examples of students resubmitting the same work. If they did, all they would get is exactly the same response from the examiner. However, the system does allow for new work to be submitted, and that is something to be encouraged.

Hon Bill English: Has the Minister informed schools that the published results for NCEA on the New Zealand Qualifications Authority website include 163,000 void results, which makes a nonsense of the pass rates because they all count as failures for thousands of students who never sat the exam?

Hon STEVE MAHAREY: Schools are fully informed and the results are on the website so that schools can have a transparent assessment system, unlike the one that the member seems to favour, which would be School Certificate where no one knew anything about anything.

Hon Bill English: Is the Minister aware that schools have not been told that there are 163,000 void results, and that I have had to extract this information from the New Zealand Qualifications Authority after it first denied having it, then delayed publishing it, and then I had to do the analysis to show the difference between two full sets of national results, so there is no transparency about thousands of students who enter for an exam, turn up, decide that it is too hard, do not sit it, and suffer no penalty?
Hon STEVE MAHAREY: Given the common knowledge around schools that these figures exist, I just want to thank the member for his excellent work using the qualifications that he has gained over the years and making it available to schools that were not aware.

Hon Bill English: Why did the Minister, in answer to a previous question, say that this information was publicly available on the website and schools knew it, and then in answer to that question sneakily acknowledge that, in fact, it is not publicly available, that the Opposition extracted it, and that it is published nowhere—when is he going to start telling the truth in this House?

Hon STEVE MAHAREY: I said that my understanding is that all information is available. I have talked to many schools that understand exactly what Mr English is talking about. But if he wants to spend his days reanalysing figures, I thank him for doing that work.

**General Practitioners—Shortages**

8. Hon TONY RYALL (National—Bay of Plenty) to the Minister of Health: Is there a shortage of general practitioners in New Zealand; if so, where?

Hon PETE HODGSON (Minister of Health): In general, no. By international standards New Zealanders have very good access to general practitioner care, and, certainly, better access than in the UK, USA, Canada, or Australia. However, the distribution of general practitioners within New Zealand is creating problems in some communities, with the Kapiti coast being a well-known example.

Hon Tony Ryall: Why does this Government continue to count the problem, with endless reports, when Annette King herself was calling for action to keep general practitioners in New Zealand as far back as September 1999, at a time when the number of general practitioners in New Zealand was at a record high, and when year after year in her term as Minister of Health the number of general practitioners in New Zealand dropped—yet this Government continues to call for more reports?

Hon PETE HODGSON: Let me give the member an answer to his question. Since 1999 the following things have happened. The number of doctors entering medical school has gone up because the Hon Annette King increased the numbers. The number of general practitioners who are leaving New Zealand in order to pay the interest on their student loans may have dropped because, contrary to the best wishes of the National Party, this Government removed interest on student loans. But, wait, there is more! A Waikato University business school survey reminds us that since 1999, when the Hon Annette King made her comments, the profit per general practitioner owner has gone up by about 50 percent. I can further assert that for a salaried general practitioner, the value of a general practitioner has gone up since 1999, when the honourable member made her comments, by about 50 percent. What is more, between 2002 and 2003, and between 2003 and 2004—which are the latest statistics—the number of general practitioners in this country went up.

Moana Mackey: What reports has the Minister received on factors that could lead to a shortage of general practitioners in New Zealand?

Hon PETE HODGSON: I have received reports that cuts to primary health spending in the order of $500 million would lead to increased doctors’ fees for patients, decreased profits for practices, the undermining of the long-term viability of practices, and the encouragement of an exodus of general practitioners from New Zealand. Unfortunately, that is the policy of the National Party and Tony Ryall. There is a word for those who shriek about general practitioner shortages and simultaneously plot to undermine New Zealand’s general practices.
Barbara Stewart: Have the Minister’s comments in May—that the health workforce was one of his main priorities for the 2006-07 year—resulted in any action as yet to head off the critical shortages in the general practitioner workforce predicted by the Medical Association in March this year?

Hon PETE HODGSON: The critical shortages that the member refers to are not borne out by the fact that general practitioner numbers have been going up in recent years. But, 19 days into the new year, I can say that we have made useful progress on the health workforce issues. I will be announcing some further details in a few weeks.

Sue Kedgley: What is the Government proposing to do about the fact that, since 1 July, nurses employed by general practitioners now earn up to $195 a week less than nurses in district health boards, and what is the point of handing over millions of dollars to primary health care when without pay parity we may not have the workforce to implement the Government’s flagship Primary Health Care Strategy?

Hon PETE HODGSON: This calendar year the taxpayer is investing $560 million into the primary health care sector. That, coupled with the fact that the Waikato University business school survey shows that the profit per general practitioner owner is now in excess of $150,000 net of tax, would lead me to the view that both parties are to be encouraged to reach a resolution in their forthcoming negotiations.

Hon Tony Ryall: What sense of urgency does this Government demonstrate with its own Health Workforce Advisory Committee’s final report, which states that it hopes its set of strategic principles will prompt wider discussion amongst the health and disability support sector, and lead to the development of yet another set of agreed principles, and these, in turn, will lead to the fulfilment of the Health Workforce Advisory Committee’s overall workforce vision; what does that do for the thousands of people around the country who cannot get on a general practitioner’s book, including a thousand people on the Kapiti coast, and the people of Horowhenua, where a general practitioner is now commuting from Kerikeri 3 days a week to provide service there?

Hon PETE HODGSON: The member raises two separate issues in the one question. Let me attempt to address them both. The member may be aware that during the 1990s, in the area of the health workforce, precisely nothing happened, which was why there needed to be a period of scoping and advice. The advice was provided by the Health Workforce Advisory Committee and other groups. That period has now come to a conclusion. The Health Workforce Advisory Committee will present its final report in August, at which time I will wind it up. In respect of the Kapiti situation, I am happy to advise the member that, contrary to his viewpoint, 200 people have gone on to the books of that primary health organisation in the last 4 weeks—

Hon Tony Ryall: A thousand aren’t.

Hon PETE HODGSON: There was never a thousand; there was a total of about 500. The remaining 300 are being rung as we speak to see whether they have found a general practitioner. The member should get at least some facts right—one would be good.

Hon Tony Ryall: Why does the Government not accept that, apart from a new Minister of Health, the best way to keep general practitioners and the rest of New Zealand’s workforce in this country is to cut personal taxes now?

Hon PETE HODGSON: Because to pay for those tax cuts we would need to strip hundreds of millions of dollars out of the primary health care system, we would need to put up fees to go to the doctor, and we would need to cut the after-tax profit of general practitioners. That is precisely what the National Party has in mind, and I am glad the member has outed himself on that point.

Jo Goodhew: Does the Minister not realise there is a crisis in rural New Zealand when people in Gisborne, Timaru, Blenheim, and the Kapiti coast cannot find a general
practitioner to register with, when the Levin general practitioner commutes 3 days a week from Kerikeri, and when 1,900 patients from Waimate currently have no GP; it is all very well to invest millions in subsidised visits to general practitioners, but is it not of no use at all if there is no general practitioner to visit?

Hon PETE HODGSON: There are about 3,000 registered general practitioners in this country at the moment—give or take. Twenty-five years ago there were 2,000. That is what an increase looks like. In respect of rural health, it is interesting to note that the last report of the Royal New Zealand College of General Practitioners pointed out that there are disproportionately more general practitioners in rural areas than in non-rural areas. But, yes, I do acknowledge there are problems in certain parts of the country—for example, Kapiti. Certainly, there are problems in Levin—the instance that the member raised. The reason for that is that this Government has got a deinstitutionalisation policy going on from the Kimberley Centre. It will be finished in a few weeks, and this House should applaud the end of the era of institutional care.

Hon Tony Ryall: I seek leave to table two documents. The first is a document of comments made by the Hon Annette King in September 1999—when the number of general practitioners in New Zealand was at a record high—calling for action to keep doctors.

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

Hon Tony Ryall: The second document is a report from the New Zealand Government’s Health Information Service, which shows there are fewer general practitioners today than there were 6 years ago.

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

Hon PETE HODGSON: I seek leave to table a document with the results of a Commonwealth Fund International Health Policy Survey, which shows that of five nations New Zealanders have the best chance of getting a same-day appointment, and the least likelihood of having to wait 6 days or more to see their general practitioner.

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

Kyoto Protocol—Emission Projections

9. Hon MARIAN HOBBS (Labour—Wellington Central) to the Minister responsible for Climate Change Issues: What is the latest projection of New Zealand’s emissions balance for the first commitment period from 2008-12 under the Kyoto Protocol?

Hon DAVID PARKER (Minister responsible for Climate Change Issues): I am pleased to advise the House that the 2006 annual update of the projected emissions balance for the first commitment period is 41.2 million tonnes of carbon dioxide equivalent. This is a decrease from the 64 million tones deficit calculated in December last year.

Hon Marian Hobbs: What expectation does the Minister have for the emissions projection and future?

Hon DAVID PARKER: The projection is based on many variables, and change in any one of them will affect the total. This volatility will reduce over time as we move from projections to measuring actual emissions during the first commitment period. That said, the climate change work programmes we announced earlier this month will deliver durable long-term policies, which I expect to improve New Zealand’s emissions profile.
Hon David Carter: What confidence can New Zealand have in the new calculations, considering the Government’s earlier claims that we as a country would be banking a cheque for half a billion dollars with the ratification of Kyoto?

Hon DAVID PARKER: As I already acknowledged, there is some volatility in these figures because they rely upon a number of variables, but, as I also made clear, that volatility will reduce as we get closer to the actual measurement of figures rather than projections.

Metiria Turei: Now that the liabilities are looking better, how much of the remaining liability does he think can be met by decreasing emissions and increasing sinks in New Zealand rather than buying credits from overseas?

Hon DAVID PARKER: Members may be aware that the work programmes that have been announced include a framework for assessment of the carbon emissions reductions expected as a consequence of the work programmes. So as those policy positions are finalised, the carbon effects of them will become clear.

Regulations—Businesses

10. KATHERINE RICH (National) to the Minister of Commerce: How many new regulations affecting business has the Government introduced since 1999, and does she agree that this has put additional pressure on businesses?

Hon LIANNE DALZIEL (Minister of Commerce): It is not possible to provide the number of new regulations affecting business gazetted since 1999 in the time available, as that would require an individual search of each regulation to identify whether it affected business, and then whether it was new or whether it replaced, in whole or part, an existing regulation.

Katherine Rich: Does the Minister accept Business New Zealand’s calculation that since 1999 over 2,000 new regulations affecting business have come into existence, many of which were not needed; if not, why not?

Hon LIANNE DALZIEL: I understand that that is not a net figure.

Maryan Street: How does New Zealand compare to Australia in light of Gary Banks’ report, Reducing the Regulatory Burden: The Way Forward?

Hon LIANNE DALZIEL: New Zealand compares very well to Australia, and I remind the House that Gary Banks said we should not: “engage in a ‘race to the bottom’ and abandon worthwhile regulations. There are important economic, social and environmental goals that warrant regulation, and should not be traded off simply to improve business competitiveness.”

Katherine Rich: What is her response to the Business New Zealand - KPMG compliance cost survey showing that the average compliance cost per firm has risen from $45,000 in 2003 to $53,000 in 2005—a 17 percent increase in just 2 years?

Hon LIANNE DALZIEL: I am advised that the reason why the member left out reference to the 2004 year in that question is that, in fact, between 2004 and 2005 the costs of compliance recorded by respondents actually fell.

Katherine Rich: Does she consider the $28,000 spent on her business consultation website to be value for money, given that out of the 41 submissions received in the first 2 months of her review, 30 of them were entered into the website by her own officials?

Hon LIANNE DALZIEL: As the member has been advised, that is a result of people who have been writing to me setting out their concerns. As we have not yet actually advertised the website, I would say we are off to a very good start.

Katherine Rich: What does she consider to be the greatest concern for business: her Government’s 2,000 new regulations since 1999, the increase in compliance costs by 17 percent in just 2 years, or the fact that she told the Commerce Committee that she
models her commerce and small-business role on that of Judith Tizard, Minister with responsibility for Auckland Issues?

Hon LIANNE DALZIEL: The most important thing for businesses is that they have the opportunity to succeed. They need to have the economic and social environment to do that. This Government is delivering for business.

Westpac New Zealand Bill—Westpac Banking Corporation Asset Backing

11. RODNEY HIDE (Leader—ACT) to the Minister of Finance: Will he be insisting that Westpac Banking Corporation advise their New Zealand customers what assets and liabilities will be backing their investments, before they are shifted across to the new company Westpac New Zealand Ltd, as a condition of him advising the making of an Order in Council, which states the new company’s assets and liabilities, as provided for by clause 6 of the Westpac New Zealand Bill; if not, why not?

Hon Dr MICHAEL CULLEN (Minister of Finance): Assuming the bill remains unchanged on its passage through the House, and of course I cannot pre-empt that, the answer is no. I am advised that that would not be necessary.

Rodney Hide: Does he think that is adequate disclosure, when essentially the 1.3 million customers of Westpac are to be shifted into a new company compulsorily, and only after they have been shifted will they discover what their financial assets and liabilities are, through his Order in Council?

Hon Dr MICHAEL CULLEN: The member is, I think, factually incorrect. What is happening here is the culmination of a policy under, certainly, successive Governors of the Reserve Bank in terms of local incorporation of Westpac. I am advised that the Reserve Bank will ensure that Westpac advises its customers of the transfer, and the disclosure statement for the new entity showing its likely balance sheet will be available to customers before the transfer occurs.

R Doug Woolerton: Can the Minister tell us why it is important that Westpac New Zealand Ltd be registered as a bank in New Zealand?

Hon Dr MICHAEL CULLEN: It is important in terms of the general framework of prudential regulation, and, in fact, because Westpac was different from all the other Australian-owned banks in terms of the structure it had.

Varroa Bee Mite—South Island Infestation

12. SHANE ARDERN (National—Taranaki-King Country) to the Minister for Biosecurity: How long does he estimate the varroa bee mite has been in the South Island, and why did surveillance not pick it up sooner, as it has been confirmed in at least 41 sites over a 40-kilometre area?

Hon DAMIEN O’CONNOR (Acting Minister for Biosecurity): The Ministry of Agriculture and Forestry estimates that varroa bee mite arrived in the South Island about 9 or 10 months ago. The surveillance programme that detected it is conducted each year in May and June. The varroa was first found on 15 June this year.

Shane Ardern: Why did the Government not already have in place a funding approval for an attempted eradication of the varroa bee mite in the South Island, given that the Minister himself has stated that it was only a matter of time before the bee mite would reach the South Island, and we know from past experience in the North Island that delays in response eliminate the opportunity of eradication, and is there no one in this Government who is willing to make a decision, given that the Minister himself is overseas at the moment?

Hon DAMIEN O’CONNOR: I do not think it was ever accepted that it was inevitable. I think Biosecurity New Zealand and the bee-keeping industry tried very hard to keep varroa from the South Island. The pest management strategy that was
agreed to by the industry had an annual monitoring programme, varroa was detected, and Biosecurity New Zealand has acted immediately on that. It has to clearly identify the extent to which varroa is present in the Nelson region, and a decision on whether eradication or management will take place will be made very soon.

R Doug Woolerton: Do I take it from the Minister’s answer that he is absolutely sure that the varroa bee mite cannot be eradicated completely from the South Island?

Hon DAMIEN O’CONNOR: The full report is yet to be analysed by the Minister. I would love to think that eradication was possible. The reality is that unless every single bee-keeper and keeper of bees in the Nelson region is prepared to be part of a management or eradication programme, it is virtually impossible to guarantee absolutely that eradication can take place.

QUESTIONS TO MEMBERS

Westpac New Zealand Bill—Submissions and Evidence

1. RODNEY HIDE (Leader—ACT) to the Chairperson of the Finance and Expenditure Committee: What submissions and evidence have been heard on the Westpac New Zealand Bill?

SHANE JONES (Chairperson of the Finance and Expenditure Committee): The Finance and Expenditure Committee heard evidence from the Westpac Banking Corporation and received advice from the Reserve Bank, Treasury, and the Inland Revenue Department.

Rodney Hide: Were submissions called for more widely, particularly giving an opportunity for the customers of Westpac to make submissions?

SHANE JONES: The member will be aware that under our Standing Orders, the member in charge of this private bill petitioned the House for it to be introduced. As a part of the petition, the member in charge of the bill gave notice to the House that the bill had been published for 2 consecutive calendar weeks in newspapers and that the bill was given to persons having a direct interest in it. I am only sad that the member who asks these questions has been absent from all of those meetings.

Westpac New Zealand Bill—Westpac Banking Corporation Asset Backing

2. RODNEY HIDE (Leader—ACT) to the Member in charge of Westpac New Zealand Bill: Is she proposing any amendments to the Westpac New Zealand Bill to advise New Zealand customers of Westpac what assets will be backing their deposits before her bill shifts them into the new company Westpac New Zealand Ltd; if not, why not?

Hon MARIAN HOBBS (Member in charge of Westpac New Zealand Bill): No. The amendments are in the hands of the Finance and Expenditure Committee.

Rodney Hide: Does she think it is fair on the customers of Westpac to be compulsorily shifted into a new company without knowing what assets and liabilities will back their investments, particularly when the Government is being careful with its $750 million tax claim against Westpac, which will not be with the new company that is being set up?

Hon MARIAN HOBBS: I have two responses. First of all, the vesting order process provides, I think, transparency for New Zealand customers. Second, I am slightly worried by the compliance costs that would be borne by the New Zealand customers of Westpac if his process were carried out.

GENERAL DEBATE

Hon PHIL GOFF (Minister of Defence): I move, That the House take note of miscellaneous business. Madam Speaker, I am sure you will agree that it is great to have the House back in session, and to see that in terms of the performance of Dr Brash and
the National Party, absolutely nothing has changed. In 2 days they have absolutely failed to make any impact in this House at all. We remember what a disaster the last session was for Dr Brash. Members may remember the “walk the plank” incident, when Dr Brash looked as shaky and uncertain of himself physically as everybody knew his political performance had been. And that was meant to be a photo opportunity for the National Party! I ask the National Party which adviser told Dr Brash that that would look good on television. Was it Gerry Brownlee, Bill English, or John Key? With friends like that, no wonder Dr Brash does not need enemies.

Then members will remember the email fiasco. Dr Brash called a press conference to talk about an email from himself, only to say that he had not seen the email. He seemed surprised that that was what the press conference was about, and he asked a journalist whether he could see a copy of the email. Again, which of the advisers told him to go ahead and do that? I think it was John Key, who is studiously avoiding eye contact. I think it was his advice, because John Key sees the main chance.

So it was that at the start of this session John Armstrong from the New Zealand Herald wrote an article challenging Dr Brash, entitled “Brash should lead or leave”. Of course, we can see from the way Dr Brash has fronted up to this debate which option he has taken. When it gets hot in the House, Don Brash is always there, leading from the front. Don Brash has not led. He has not led in his caucus, he has not led in the House, and he has not led the country.

Yesterday was just another disaster for Dr Brash. He addressed the Local Government New Zealand conference and—as his colleagues know, because at least half a dozen of them have received telephone calls about it from their local mayors—he gave an appalling performance. Perhaps it was not a good idea for Dr Brash, given his current position and performance, to begin his speech by preaching to the conference about what good leadership is. It was a bit presumptuous, the delegates thought, given that he had scored a lofty 13 percent in the latest TV3 poll. But I do agree with his line about the sort of leadership that allows others to flourish, because flourishing on the front bench opposite, preening themselves, are the three pretenders to take over from Dr Brash as soon as they can agree amongst themselves which of them will be the contender.

Dr Brash’s speech was ill-judged in many ways. He spent most of it telling the elected representatives at the conference how hopeless they were. One mayor told us that he talked to them as if they were “a bunch of dicks”. That is how the mayors felt about it.

The speech was not only ill-judged but also very revealing, because it showed the old ideological Don Brash who emerges from time to time behind the cloak of populism he tries to create for himself. There was Dr Brash telling the delegates that he would run down central and local government services, just as he has revealed from time to time his desire to privatise Kiwibank, New Zealand Post, and the Accident Compensation Corporation; to raise the retirement age, which he does not admit very often in the House but it is on the record; to cut benefits; to scrap the minimum wage; and to compel young mothers to adopt out their kids.

There, again, was the Dr Brash who spends his time focused on running down his own country. New Zealand, he said, has no prospect of keeping its brightest and best people and no prospect of climbing back up the ladder of developed nations. Who in this country would want a leader who tries constantly to promote himself by diminishing his country? Dr Brash has done that time and time again, and it is disgraceful that he does so. That man has no vision and no leadership, and his days are numbered.
GERRY BROWNLEE (Deputy Leader—National): Yesterday this country learnt that there is no bound to the extent of corruption Helen Clark will allow in her Government in order to remain Prime Minister. The public of New Zealand was presented with a report into the activities of Mr Phillip Field and his relationship with other Ministers in getting preferment for his immigration cases so that he might benefit personally from those decisions.

We know that the report could have come to no other conclusion than the one it came to. In other words, the report by Dr Noel Ingram QC is very cleverly written, because he was extremely constrained by the terms of reference under which he had to work. He could not call people to give witness under oath, he could not seek documents, as any other inquiry may be able to do, and he could not subpoena people to appear before him and tell the truth. He had to weave his way through hearsay and try to stay one step ahead of Mr Field and his fellows, who were warning people off and telling them not to speak to the Queen’s Counsel, in order to prevent and minimise the effect of this report.

When we look at the terms of reference, as Dr Ingram so clearly invites us to do at the start of the report, we see that it is quite obvious that those terms of reference—put together by the Prime Minister—were designed to get exactly the result that came out. It is the Prime Minister who set the terms of reference. It is the Prime Minister who, no matter what, knew that at the end of this process she would be able to say that Mr Field was in the clear—a bit of bad judgment, apparently, but in the clear. And it is the Prime Minister who, in response to allegations of corruption against Mr Field, is able to stand in the House today and say that the report could find no direct evidence of that.

What that tells us, what that tells the whole country, and what that confirms is that Dr Ingram, in this very cleverly written report, calls us to read the subtext and note that indeed wholesale corruption was going on in the office of Phillip Field—let alone the idea that into his office comes some little refugee who, at the end of the line after 7 years in New Zealand and with no Minister being prepared to let him in, suddenly lets the cat out of the bag that he is a tiler. Something went off in Mr Field’s head, and he said: “Hello, can I cook up a scheme here?”. The next minute he had the guy on the plane, using air points. He got his ministerial secretary to arrange the travel, banishing him to Samoa and paying him a lousy $90 a week to do a $15,000 job, on the promise that he would get him a work visa back into New Zealand if the job was satisfactory—and just to make sure that the job was satisfactory, he rounded up some of his other loose mates around the community and set them to work in his various houses around the countryside.

It has been said—and there is nothing untoward in this—that Mr Field bought one of those houses from a constituent who was in trouble, then flicked it off a short time later for a $136,000 profit. The question is: why did those Thai painting pixies come into that house and, apparently anonymously, paint it for Mr Field?

The real point here, though, is that although the Prime Minister says there was no direct evidence of corruption, there never could be any direct evidence of corruption as long as Mr Ingram was denied the powers to properly inquire into this matter. That is the essence of it. The Prime Minister knew at the start that she had a political problem. Just a couple of weeks before the election it was all turning to custard. Then, after the election, we have this idea that Mr Field was somehow stood down from a ministry. Was he, or was he not? Is he, or is he not, a Minister who has been stood down? He has paid no price whatsoever. He is out there now, saying he has been vindicated. Well, he is not vindicated. We would like some answers to questions about the various lafo collected in his office.

Hon TREVOR MALLARD (Minister for Economic Development): It is clear that the deputy leader of the National Party, Gerry Brownlee, is just as much “yesterday” as
his leader. I ask Don Brash to please stay on as leader. He is at 13 percent in the polls, and going down. That is the trend we want. He is saved only by a gridlock in the National Party at the moment, and he is getting desperate. To appoint into his office the man who ran the Big Gay Out, in defiance of his masters from the Exclusive Brethren, is a really desperate approach.

Gerry Brownlee: I raise a point of order, Madam Speaker. I know that Government members are very sensitive to the allegation that they are corrupt. They cannot imply that anyone in this House is influenced from outside. Even I did not imply that about Mr Field. I said that Mr Field acted on his own behalf, that his corruption was all his own affair, and that he has been covered by the Prime Minister. Of course, for Mr Mallard to say that Don Brash is somehow influenced from outside is quite inappropriate. He should apologise, but when one is corrupt one does not always do these things.

Hon TREVOR MALLARD: I apologise.

I would like to give the House a preview of the National Party conference to be held this weekend. I will refer to what the National Party used at its regional conference round this year, in building to its annual conference. First of all, I have a document that states: “We Must Make National Cool”. That is a contradiction. Don Brash is so cool that he is just about dead. He is a cold fish.

National members want to use The Feelers at the conference. Did they ask The Feelers? Is that a Christian Heritage NZ approach to life? What sort of thing is the National Party doing? Did National members ask Steriogram—the group they complained about when it played outside Parliament—whether it could appear in its presentation? I bet they did not. National members want to use collateral and merchandise, but did they look carefully? Which company does the collateral and merchandise come from? It comes from Dawn Raid. Some of us know what the current Dawn Raid is, and some of us also know what it is named after. Shame on the National Party—the party of the dawn raids—for trying to use Dawn Raid collateral and merchandise for its own promotion. Don Brash approved this for the National Party.

It gets better. Another document states: “Mix Young Nats with charity … It’s not what you know, it’s who you know! If you, or a brother or sister are aged between 13 and 24 and have been diagnosed with cancer, CanTeen is for you.” The approach of the National Party is to mix Young Nats with CanTeen, with the Cancer Society, and with Youthline. What a cynical, dirty approach. How low can one go in politics?

Then there is another joke. A document states: “Get covered in the women’s mags and advertise with them”. Judith Collins is on the cover of the Australian Women’s Weekly; Jacqui Dean, who I understand is an MP but I don’t know whether I have seen her yet, is on the cover of Her Business—“Jacqui Dean: The road from Otago to Parliament”—and Jackie Blue is also on the cover of that magazine.

Then we come to the classic. National is the party that will go all soft and caring! We have heard National members talk a lot recently about Plunket, and now we know why. National is telling its people to get out, for cynical political reasons, and support women-specific charities, such as breast cancer, Women’s Refuge, and Rape Crisis. I say that that approach to a National Party conference is absolutely disgraceful. It is a sure sign of a deputy leader and a desperate leader, Don Brash, stooping very, very low in order to get votes. A document from the conference states: “Sell our female MPs”. That is an incredible plan, given National’s approach. Its members ignore their women MPs, and they demote them when they disagree with them. The party has hardly any women MPs, and it wants to try to sell them. I say: “On what street?”.

GERRY BROWNLEE (Deputy Leader—National): I raise a point of order, Madam Speaker. My point of order is slightly unusual. I appreciate that the Hon Trevor Mallard has highlighted for the country the vast breadth of the National Party’s reach
across the country. I simply extend an invitation to him to be part of our future advertising.

The ASSISTANT SPEAKER (Ann Hartley): That is not a point of order.

Hon TREVOR MALLARD (Minister for Economic Development): I seek leave to table the presentation that I have here from Greg Sheehan, who was the general manager of the National Party.

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

Hon TREVOR MALLARD: I will do so immediately after my colleagues have used it.

KATHERINE RICH (National): I raise a point of order, Madam Speaker. Trevor Mallard finished his speech with a comment that you might not have heard. He implied that some of the National Party women MPs should be sold on the street. I take personal offence at that. The member should stand and apologise for that comment, and for the implication.

The ASSISTANT SPEAKER (Ann Hartley): I did not pick it up. Was an insult offered?

Hon TREVOR MALLARD: If the member feels offended, I apologise.

The ASSISTANT SPEAKER (Ann Hartley): An apology has been given.

Hon BILL ENGLISH (National—Clutha-Southland): I raise a point of order, Madam Speaker. Apologies count under the Standing Orders. The member should be asked to apologise properly.

The ASSISTANT SPEAKER (Ann Hartley): He did—

Hon BILL ENGLISH: One cannot qualify an apology in this House, Madam Assistant Speaker, and you should know that.

Hon TREVOR MALLARD (Minister for Economic Development): Seeing as the member is offended, I apologise.

The ASSISTANT SPEAKER (Ann Hartley): We will just clarify the situation. The member just has to stand up and apologise. He cannot say: “Seeing as the member” first.

Hon TREVOR MALLARD: Are you requiring me to apologise?

The ASSISTANT SPEAKER (Ann Hartley): Just apologise.

Hon TREVOR MALLARD: Well, you did not require me to do so earlier, Madam Assistant Speaker.

Dr the Hon Lockwood Smith: Stop trifling with the Chair!

The ASSISTANT SPEAKER (Ann Hartley): There will be silence during points of order. I did not pick it up the first time, Mr Mallard, but the second time you did say: “Seeing as the member”. You are required just to withdraw and apologise, so you will do that.

Hon TREVOR MALLARD: I withdraw and apologise.

Dr the Hon LOCKWOOD SMITH (National—Rodney): This is the Ingram report. This is the disgrace. Helen Clark, Prime Minister, says that this report finishes the issues around Taito Phillip Field. That shows the new low to which Labour has sunk, because this is an extraordinary story of the exploitation of vulnerable people. I have never seen a report like it. It outlines the systematic exploitation of vulnerable new immigrants. Five Thai immigrants were working for nothing, on a house in Samoa for Mr Field. Seven Thai people—five of them assisted by Mr Field—were working on a house of Mr Field’s for nothing, here in Wellington. Unknown numbers of Thai immigrants, assisted by Taito Phillip Field, worked on a house of his in Church Street, Auckland. That is a disgraceful, disgusting exploitation of vulnerable people by Labour,
and Helen Clark says that is OK. Helen Clark says that it is OK for members of her Government to exploit—

Hon Mark Burton: Calm yourself.

Dr the Hon LOCKWOOD SMITH: Minister Burton says that I should calm myself. He thinks it is OK for his colleagues to exploit some of the most vulnerable people in this country. That is a disgrace. It is an indictment on Helen Clark, Prime Minister, if she says it is all OK.

What Noel Ingram had to say about Taito Phillip Field is interesting. He says: “As to Mr Field, at this point in the report it is sufficient that I note that at all times he was co-operative in terms of making himself available …”. He did not say he was cooperative in terms of telling the truth. Ingram could have said that, but, no, he said only that Mr Field was cooperative in terms of making himself available and providing documents. He went on to say: “I am concerned by the unsatisfactory nature of the explanations provided to me by Mr Field in relation to that painting.” Those are powerful words from a Queen’s Counsel. He said that Taito Phillip Field was cooperative in terms of making himself available, but he was concerned about the honesty of what Phillip Field had to say.

I remind the House that the key players in this saga are Mr Siriwan and a Ms Phanngarm. Siriwan had been illegally in this country for 8 years as this saga unfolded. He had been refused refugee status and was working illegally. Ms Phanngarm had been illegally in the country for 5 years. She was declined refugee status on four separate occasions and deported from this country.

There are some really serious questions. Why did the Associate Minister, the Hon Damien O’Connor, cave in on such a clear case where work visas should not have been issued, where someone had been breaking the law for so long? Noel Ingram looked at this issue very carefully. He looked at the issue of whether the Hon Damien O’Connor had any idea that this Mr Siriwan was working, without pay for that matter, for Taito Phillip Field as Taito Phillip Field was twisting Damien O’Connor’s arm very strongly. The report makes it very clear that the New Zealand Immigration Service knew. It had clear information that Siriwan was working on Taito Phillip Field’s house in Samoa, and the service knew that Phillip Field was making representations in respect of that person.

Let me make it very clear that I do not question Damien O’Connor’s integrity, but there are questions to be answered as to what went on. It is alleged that Damien O’Connor’s private secretary had been told, prior to Damien O’Connor giving the exception to policy direction for Siriwan, about Siriwan working for Phillip Field. What is even more curious is that the Minister, the Hon Paul Swain, had met with Siriwan in Samoa and knew what was going on.

Hon DAMIEN O’CONNOR (Minister of Corrections): This is a very important week for leadership. This week we had the Local Government New Zealand conference, with leaders from around this country meeting in Wellington. Back in Parliament we have Labour leadership, on the back of the celebrations of our 90th year, showing the lead in this country. And this weekend in Christchurch we have the National Party conference. [Interrupted] Members ask why it is in Christchurch. The reason, as Mr Key would know, is that in Auckland, as the New Zealand Herald states, the drums are quietly beating. The Auckland-based party stalwarts are gathering opinions as to the chances of winning the next election with the current leadership in place.

This weekend in Christchurch, Don Brash will attempt to salvage his flagging leadership. It is going down the gurgler. Today he attempted to tell the rest of the country what leadership should be about, at the very time he is flagging in the polls. There are only a couple of areas in which I have ever seen Don Brash show leadership
in his entire time as the leader of the National Party. One goes back to the outbreak of that unfortunate war in Iraq and what Don Brash and his colleague Simon Power said. I quote Simon Power first: “The National Party has always been international in its outlook. Without reservation we will support our close allies, Australia, the United States and Britain when and wheresoever our commitment is called upon.” Don Brash, showing true leadership, said: “I think I would have done what President Bush did.” That is about the only sign of leadership we have seen in Don Brash’s period in charge of the National Party. In every other area he has done a flip-flop.

There is one area where I can acknowledge he has been consistent in his indications—it is not clear policy—and it is that if he were ever to get the chance of being Prime Minister he would sell anything he could get his hands on. He would sell Landcorp and he would sell our electricity assets. This week in the House claims were made that we would be better off with privatised prisons. We have known for quite some time that the National Party is committed to selling State assets, and New Zealanders should be reminded of that, time and time again. But I have to say, as hard as that will be, his most recent attempt at a sales job will be a flop: “selling our female MPs”. If Dr Brash has ever bought into a loser, that has to be it. That will be the biggest challenge Don Brash will face. The three MPs are pictured here—Dr Jackie Blue, Jacqui Dean, and Judith Collins. In themselves they are not bad people. They are misguided, in the wrong party, and certainly led by the wrong person.

I have to say to Dr Brash that his leadership is pathetic. The conference in Christchurch will be facing a very difficult challenge. That challenge is: “Do we dump you now, or do we dump you in the future?”. I will leave that little dilemma to the wonderful members who will attend the National Party conference in Christchurch.

One of the sad things I have learnt today from my colleague Trevor Mallard is that the National Party in its desperation will stoop so low as to abuse wonderful organisations, such as CanTeen—organisations that go out and help challenged young teenagers who are facing the biggest battle of their lives. That cynical bunch of politicians, desperate as they are and led by someone who is absolutely hopeless, is prepared to abuse an organisation that struggles for funding. That organisation is one I have been in contact with on a regular basis. It is an organisation that is supporting young New Zealanders to battle for their lives and that is helping—

John Key: We’re out their helping, not sitting in Wellington warming our seats.

Hon DAMIEN O’CONNOR: —and John Key just sits there and makes cynical, snide remarks, because he is quite happy as an MP, as a member who thinks he is the incoming leader of the National Party, to abuse organisations like that. I am simply ashamed that any political party in this House would do that. Those members will not sell the leadership of the National Party, they will not sell the female members of the National Party, and they will not show any leadership to New Zealand into the future, because their leadership is finished.

PETER BROWN (Deputy Leader—NZ First): A few months ago we had an election, and after an election there seems to be two things that are certain: first, the Government and the parties that support it are held to account for what they achieve, and, secondly, the Opposition, particularly if they are three-time losers, have a battle on who will lead them. That is what is happening in the National Party. The National Party is a sad, sad shadow of what it once was. All we know for certain is that Don Brash will go. What we do not know is when he will go, and we are waiting with bated breath to work out who will come after him. Will it be John Key? Will it be Bill English or Simon Power? Surely it will not be Maurice Williamson. We wait with bated breath, because poor old Don Brash is simply not cutting it. He is not up to the task, and every
moment he spends in this House he proves that time and time again. On the reverse side of things—

John Key: Do you guys have any policies left?

PETER BROWN: I invite the member to study this. I will make it available to him by tabling it. It is New Zealand First’s record of achievement in the 9 months since agreeing to confidence and supply. Those members opposite should tell me whether this is false: that we have 1,000 more police—

John Key: Woof, woof!

PETER BROWN: That does not sound like a dog barking, I say to Mr Key. We have 1,000 more police and 250 support staff. The minimum rate of superannuation has been increased to 66 percent. This time next year we will have a golden age card. Already there is significant funding for elder care, and there is more to come.

There is a full review of the immigration legislation of this country—something we have been making a noise about for many a year. Surely the National Party wants to get on board and get the immigration laws correct. Do they?

R Doug Woolerton: Yes, they say they do.

PETER BROWN: They do not know what they want to do. [Interruption] Well, we will speed it up and ensure their leader gets the very first one. We are increasing the minimum wage. By the year 2008 the minimum wage will be $12 an hour. We are supporting the Buy New Zealand Made campaign.

Hon Member: That’s the Greens’.

PETER BROWN: It is not the Greens’, with due respect. It is New Zealand First’s policy that the Greens—[Interruption] We are in line with the Greens. We had it even before the Greens were the Greens. How does the member think we got our name—New Zealand First—for goodness’ sake!

Next year will be an export year, and there will be a toll-free Tauranga Harbour Bridge. We are not just full of waffle about what is going to happen in Tauranga. The people will get their bridge toll free. We are reducing gaming tax for racing. Members should go and ask the racing industry whether it appreciates Winston Peters in particular, or New Zealand First. The member can scream—

R Doug Woolerton: National had years to do that and never did a thing.

PETER BROWN: It never did a thing. It tried to climb on the back of it after we got the thing going. But we actually achieved it. We have a bill to reduce the number of MPs—and I have to say to those honourable members opposite and to the members on the Labour front bench that if members of the public listened to this House during question time they would agree 100 percent to reducing the number of MPs.

New Zealand First has a bill before the select committee to reduce the age of criminal responsibility. I guarantee that National members will support that. [Interruption] Oh, they will not? We have made it quite clear to the Labour Government that there will be no sales of strategic assets—none whatsoever. We have not lost sight of the fact that Labour sold them in 1984, and that National sold them in 1990.

Hon BILL ENGLISH (National—Clutha-Southland): So this is how Labour celebrates its 90th anniversary: its Prime Minister goes out in public defending a millionaire MP who was caught trading political favours for free labour from immigrants. That is how Labour has celebrated its 90th anniversary. Is there anything in the tradition of the so-called workers’ party that reflects well on this incident? Absolutely not! I say to members of this House that they should imagine the bile and the outrage there would be if a National MP—my colleague Mr Key, for instance—had been caught with illegal immigrant labourers painting his house on the basis that he got them a work permit in New Zealand.
What do the supporters of the Labour Party think—supporters who have always valued the skill of tradesmanship; the tradition of passing those skills on—when the Labour Minister of Immigration gives a work permit to someone who has been an overstayer for 7 years and has had his application for refugee status turned down? That Minister, Damien O'Connor, should explain why he gave that permit, because, on the face of it, he did it to please his friend Taito Phillip Field. We could imagine the bile if a National Party MP had been caught doing the same thing. Is Helen Clark not interested in whether those workers were working legally? Did their employer pay their PAYE? And, as my colleague Maurice Williamson asked this morning, did they pay their GST if they were contractors? Were they paid the minimum wage? I ask Helen Clark whether they were properly subject to the occupational safety and health regulations. Did any of the things that Labour says it has campaigned on for 90 years happen in respect of those vulnerable low-paid workers?

We do not know the answer to those questions, because Helen Clark does not want to ask them on Labour’s 90th birthday. Helen Clark has been parading the country as Labour’s second-most successful Prime Minister ever, celebrating the 90th birthday of her party by taking a political action that runs against every single principle the Labour Party used to stand for—and I say “used to”, because now it does not.

The worst of it is that there is no shame about this. There is no embarrassment. I can remember sitting in the Government ranks when National Ministers made mistakes. Hon Member: Name them.

Hon BILL ENGLISH: I will name two of them who paid the price: Denis Marshall and Murray McCully. I can recall, at the very least, the sense that something wrong had happened. There is none of that from members of the Labour Party, yet this is totally contrary to every principle they have ever stood for. Their Prime Minister says that it is yesterday’s issue and it is time to move on. There is not even a shred of embarrassment that a Minister of the Crown—almost certainly illegally—exploited people and used free labour. The Queen’s Counsel did not set out to investigate those matters, but if the workers were working for nothing and paying no tax, that is criminal. People go to court if they do not pay their workers, and, if they do not pay their workers’ PAYE, they get done by the Inland Revenue Department. These are criminal activities, not errors of judgment, and every one of them is against the principles of the Labour Party. That is what is so sad. I tell Mr Gosche that that is how Labour Party members celebrated their 90th birthday.

Hon MARK GOSCHE (Labour—Maungakiekie): I quote a sentence from the Leader of the Opposition’s speech which I think he gave to the Local Government conference: “In my experience, good leadership allows others to flourish; it inspires, challenges and encourages.” Unfortunately, there is a typo. A comma has been put in that should not have been put in. It should have just read: “It inspires others to flourish. It inspires challenges.” We are seeing them today. We have just seen one challenger sit down and the other one, next to him, will be up next. They are all auditioning because Dr Brash has taken the advice. He could not lead, so he left. He left it to Bill, he left it to John Key, and he left it to Gerry, and that is what others would expect.

But talking about 90th birthdays, I am not an ungrateful person. I am very grateful to the National Party that they leave their leader in place; a leader like Dr Brash is the biggest birthday present the Labour Party could ever have on its 90th birthday. He has figures that, I suppose, John Key—sitting at 7 percent at the moment—would aspire to. John Key would like to be up there with Don on 13 and 14 percent, because that is where the Leader of the Opposition is.

It is no wonder, when one looks at the cynicism and listens to Bill English over there—suddenly the man of moral rectitude—they are like that over on that side of the
House. They are so pure. It is just unbelievable that we are so lucky in this House to have people over there with no faults—not one of them. Bill English used Murray McCully as an example of wonderful behaviour. I can remember that. Was it tourism boards? Who else did he pay off? He is held up by the National Party as a man of moral rectitude.

Well, it fits with this National Party that says it is going to make National cool. I picked a page from their proposals and I see a couple of bands. We are very familiar with the National Party’s fondness for hip hop. We used to hear it coming from their side of the House regularly. So they have the Dawn Raid hoodies here, all fitted out so Don can do a bit of break-dancing with Bill, John, and Gerry, so that they can make National cool. Yeah, right! [Interrupt] I am sure Maurice Williamson can be cool without a Dawn Raid hoodie. He is one of the few that actually understands a little about real people in New Zealand. That is why the National Party put him in the wilderness for so long.

But what about this for Bill English to look at: the proposal to mix Young Nats with charity. They have this political strategy for them to get out there and collect for charity and have a Young Nat badge on while they are doing it. That is what this is all about. So let us have Bill English’s lecture on morality when we look at that one. Is Dr the Hon Lockwood Smith, who railed so passionately about all these things, getting out there to do that as well, with all his colleagues in the Young Nats? Does Dr Lockwood Smith support that sort of cynical politics? Yes, he does. Of course, he does.

The women of the National Party must have thrown up when they saw this proposal at the Auckland regional conference. They know how dumped on they are in that party, but the party wants them to go on the cover of the New Zealand Woman’s Weekly. That is about as much as they think women MPs are worth on that side of the House.

So getting a moral lecture from any member on that side of the House is just bizarre. Look at their strategy. Don out there break-dancing in Dawn Raid hoodies. Yeah, right! Judith Collins gracing the front cover of the New Zealand Woman’s Weekly as if she is some warm, cuddly individual that ordinary New Zealand women would want to aspire to. Yeah, right! Will we have another passionate speech from that side of the House about their level of cynical politics? No, they will disown this. They will say they sacked the person responsible and got rid of him. It is like the one who told them to walk the plank. He was there a month before Don Brash even went and walked the plank.

Hon MAURICE WILLIAMSON (National—Pakuranga): When the low-paid people of this country heard the Labour Government launch its Working for Families package, they had no way of envisaging that it would actually be subtitled “Working for Taito”. That is what it has turned out to be. I do not intend to dwell on the immigration side of the “Working for Taito” issue, but I do intend to raise some of the issues that may call into question the legality of some of the practices.

Mr Ingram has shown in his report that there is no question that Mr Taito Phillip Field, member of Parliament, had somebody working for him and doing tiling, painting, and so on in his house in Samoa and in his houses here in New Zealand. I say to Labour members, because probably they have never employed people before, that if they employ someone to do a job, they either employ that person as a staff member—in which case they would have to meet all sorts of obligations, such as occupational safety
and health requirements, and deduct PAYE and pay the minimum wage, which is something that Labour crowls about all the time—or they employ that person as a contractor. Contractors submit an hourly rate or a quote to do the job and employers pay them accordingly. But in both cases, employers pay tax. Either they pay PAYE by deducting it from the person’s wages, because they employed that person, or they pay GST.

I have just had a house painted by a contractor. I have a copy of the bill of labour, if members would like to see it, and at the bottom of the bill is a big, fat component that states “GST”. My question to Taito Phillip Field—and he could clarify this by taking a call in this House today—is whether he paid those people. I understand that the payment involved quite small sums of money, of 200tala a week or something. The amount may have been under the rate specified in the Minimum Wage Act, so that could have been a breach to start with, but regardless of what it was, did he pay any tax? Or was any tax paid on the moneys? When members read Mr Ingram’s report, they will see how much was going on behind the scenes.

I remind this House about Al Capone. Al Capone was not caught for the murders he instigated or the prostitution and drug rackets he ran. He was caught on a simple little test—he did not pay his tax. He was caught on tax evasion. Here is a question for Labour members: can people get away without paying any tax now, simply by calling it lafo? That is what it is called; it is the same as koha.

So now I will say to all the contractors who come to do something on my house that I will have a “lafo” at the Government on this one, and I will just pay them lafo. Well, I have not heard the Labour Government say that we cannot do that, so is that right? Is that what Phillip Field did? He paid them lafo, or koha—let us “New Zealandise” it.

Does that mean that I can now have somebody, some Thai migrant, come into my house and do the painting and tiling while I just pay koha under the table at less than the minimum wage? There would be no occupational safety and health compliance or accident compensation cover. Can I do that? Well, of course, Labour would scream blue murder if an employer out there was doing that, yet that is exactly what Mr Ingram has said in his report that Taito Phillip Field was doing. I suggest that even if there were not a breach of the Immigration Act, Mr Field has a number of very serious questions to answer about tax compliance and accident compensation, occupational safety and health, and minimum wage legislation.

Mr Ingram went on to say, in allegation No. 2, that four additional Thai people might have been used to work on Mr Field’s house in Samoa. The four would not be interviewed so the finding could not be made, but Mr Ingram stated that they may have worked on the house. Mr Ingram stated, at paragraph 263 of the report: “If the allegations in relation to further Thai labour on Mr Field’s house in Samoa are to be resolved, it would be necessary for an authority with appropriate powers ...” to investigate. In other words, he would not say so.

We come to the New Zealand houses, like the one at 51 Church Street in Auckland. Mr Ingram stated in his report that Asian painters had done the job, but he also stated, at paragraph 497, that he was concerned by the “unsatisfactory nature of the explanations provided by Mr Field in relation to the painting”, and that he was unable to establish who had painted the house.

I ask every member of this House, if they own properties that have been painted, whether they did not know who did the painting or whom they made payment to. I ask members to put up their hands if they have ever had a property painted but do not know who had done it or who had asked to do it, and those members did not make a payment for that work to be done. Not a single hand went up! Yet Taito Phillip Field—and his hand was not up, either—would have us believe that was what went on in this case.
TARIANA TURIA (Co-Leader—Māori Party): Tēnā koe, Madam Speaker. Tēnā tātou te Whare. In the Nobel Peace Prize lecture of 1964 the late Dr Martin Luther King challenged America to consider that a great nation is a compassionate nation. He said: “The well-off and the secure have too often become indifferent and oblivious to the poverty and deprivation in their midst. The poor in our countries have been shut out of our minds, and driven from the mainstream of our societies, because we have allowed them to become invisible. Just as non-violence exposed the ugliness of racial injustice, so must the infection and sickness of poverty be exposed and healed … we must not be afraid to pursue the remedy no matter how formidable the task.”

Last week the Government stated that certain New Zealanders have higher living standards than they had in 2000. Although I will never diminish the importance of celebrating success, the glaring contrast of poverty and wealth in Aotearoa is a divide that I will not close my eyes to. Etched in my mind is the shocking revelation that 40 percent of Māori and 58 percent of Pacific people have substantially lower living standards than the population as a whole, and that 30 percent of beneficiary children are in severe hardship. The Government is quick to come out and suggest that Working for Families will achieve miracles. If that is true, why is it that in May 2006, less than 2 months ago, Anthony Byett, Chief Economist for the ASB Bank, described the weakness of this year’s Budget as leaving a large number of children—an estimated 175,000—in a parlous state?

How can anyone sit comfortably in this Chamber and ignore the spectre of poverty in the midst of plenty, yet be prepared to vehemently criticise beneficiaries, single parents, and people trapped in the net of dependency? What hope do the children of those families have when they hear politicians continually berating their parents, their relatives, their race? What honesty is there when politicians deliberately cast the underclass of the poor—families whose children go to decile 1 schools, and who live in poor housing conditions—as being privileged? How can any of us reconcile the rhetoric of political debate with the precarious situation of an underclass of citizens? The misery of the poor detracts from the abundance of the rich.

In Te Ao Māori the perilous state of our neighbour reflects poorly on our capacity to care. The concept of manaakitanga acknowledges the mana of others as having equal or greater importance than one’s own, through the expression of aroha, hospitality, generosity, and mutual respect. In doing so, all parties are elevated through the act of giving. In practical terms, this means that the hospitality and generosity of the home people is extended willingly to all who pay others the respect of a visit. There is nobody left behind and no one is forgotten. The capacity to care is also reflected in the law of gifting. Judge Eddie Durie encapsulated that concept in a momentous speech, given at the time of the Te Māori exhibition in September 1986. He talked about hoatu taonga, hoki taonga; a gift given is a gift that comes back, and riro whenua atu, hoki whenua mai; land that is taken is land that must return. The gifting concept affirms a commitment to reciprocity from generation to generation—that if we look after those who need it most now, our children and our grandchildren will be cared for.

As products of the system of power, we must do all we can to remove the conditions of poverty and instability that make a fertile breeding ground for the growth of injustice. But first we need to look to ourselves for the revolution of values that will restore hope in our families that we are all part of the solution, that our families can be transformed into sites of well-being, and that we will truly be working towards the goal that Aotearoa is a great nation because it is a compassionate nation—a nation that cares for its greatest assets, the people, and with the wealth of collective prosperity, for it to be all it can be.
Hon MURRAY McCULLY (National—East Coast Bays): I had the opportunity before coming to the House this afternoon to view a tape of today’s midday news. It carried the interesting spectacle of the Minister of Foreign Affairs from New Zealand, who seemed to have been unable to contain himself in a meeting with Senator John McCain in Washington. I say briefly to the House that I am disappointed that our Minister of Foreign Affairs has seen the continuation of a feud with the New Zealand media as more important than the pursuit of New Zealand’s interests in terms of a better trade and defence relationship with the United States—indeed, more important than a better relationship with the man who may well be the next US president. I remind the Prime Minister today that that is the price she has paid—but it is also the price she is inflicting on other New Zealanders—for the deal she has done to hold her Government in office and herself in the Prime Ministership in offering the very important post of Minister of Foreign Affairs to a man who is clearly not up to the job.

Hon Dr Michael Cullen: You wouldn’t have done it, would you?

Hon MURRAY McCULLY: Well, I say to the Deputy Prime Minister that if he thinks it is amusing that the Minister of Foreign Affairs has insulted one of the most important men in America—a man who is actually singing New Zealand’s praises and singing the praises of a relationship with New Zealand—then he is not fit to be Deputy Prime Minister either, and he knows it.

Hon Dr Michael Cullen: No, he didn’t.

Hon MURRAY McCULLY: He did insult Senator McCain. If Mr Cullen looks at the tape, he will see, as anyone can see, that it was simply an inability of Mr Peters to rise to the challenge of representing New Zealand in a situation where Senator McCain was trying to improve the relationship but Mr Peters was overcome by his desire to get into the gutter with members of the New Zealand news media.

I say, just briefly, on the matter of the report from Mr Ingram received by the House yesterday, that New Zealanders do not know how lucky they are to have a Parliament, a public service, and ministries that are generally free of corruption. I think if we were put alongside virtually any nation in the world, even alongside our near neighbour Australia, we could be said to enjoy a freedom from undue influence and corruption that is the envy of any country in the world. As somebody who has been in this House now for over 18 years, and who had the privilege of being a Minister for 8 years, I tell the House that we should put a very high premium on the freedom from the taint of corruption that this country has. The allegations that were made some months ago against Mr Field were serious allegations, and I do not intend to traverse them in the House today, but I simply say, by way of summary, that the allegations suggested that he profited from the misery of his constituents and that he received a personal benefit from assisting those constituents. I carry no grudge against Mr Field; I quite like him, actually. I have never had an angry exchange with him, and I very much hope that the allegations made against him were not well based. But I tell the Prime Minister today that she has done this House a disservice by not being prepared to look in where Mr Ingram identified as the next likely place for inquiry, and by not giving somebody the opportunity to ask witnesses who would have been able to tell the House definitively whether the allegations against Mr Field were correct.

That leaves every member of this House potentially under a cloud. If the Prime Minister of New Zealand is prepared to accept allegations such as those hanging over a member of Parliament with no resolution, then that is a stain—as John Armstrong said in the New Zealand Herald this morning—not just on this Government but on the reputation of every member of Parliament. I know that the leader of the National Party, Dr Brash, has lodged a complaint on a matter of privilege, which I know I am not
allowed to refer to, and I hope that that is the vehicle, if no other vehicle is going to be chosen by the Prime Minister, for this matter to be put to rest once and for all.

SUE BRADFORD (Green): I hope any of my fellow MPs who read the front page of the Dominion Post this morning were as horrified as I was by news of the latest booklet teaching parents how to physically discipline their children. I hope those MPs who still think it is a good idea to retain section 59 of the Crimes Act, or to reform it so that the method of violence against children is further defined and refined, might take a quick look at this booklet to get an inkling of the kind of thing they are endorsing.

The most outspoken critics of my member’s bill, Crimes (Abolition of Force as a Justification for Child Discipline) Amendment Bill, have come from Christian organisations, not the Churches themselves. They come from special-interest groups that claim to represent Christianity such as Garnet Milne’s Reformation Testimony, the Maxim Institute, Family First, and Family Integrity. The booklet referred to in the Dominion Post this morning called The Christian Foundations of the Institution of Corporal Correction is a Family Integrity publication written by Craig Smith. What does Family Integrity have to say about the rearing and discipline of our children? “children are not little bundles of innocence: they are little bundles of depravity … and can develop into unrestrained agents of evil unless trained and disciplined. Smacking does so much good for the child, and for you. It deals with all the issues. With older children from perhaps 18 months or 2 years onwards smacking may be a 10 to 15 minutes process. If the child is angry after the smack you have not smacked hard enough. After the smack there are cuddles and prayer.” Finally, Smith goes on to admit: “I do not understand the connection between a physical smack on the bottom and a rebellious spiritual condition of the heart, nor how the first drives out the latter. But the scripture declares it is so, therefore I am obliged to believe and practise it.” Others use, perhaps, more conventional language to justify the use of reasonable force in disciplining their children. Spare the rod and spoil the child, runs the argument. Children need boundaries. Parents need to enforce them. Parental authority must be backed up by the right to use physical force. To them the repeal of section 59 is just another example of political correctness further undermining Christian society, from a secular, out-of-touch Parliament.

But are these voices representative of the wider Christian Church? Perhaps surprisingly, not according to the overwhelming number of submissions we have received from the mainstream Churches of Aotearoa New Zealand. These include submissions from Anglicans, Methodists, Presbyterians, Churches of Christ, the Quakers, Wesleyans, and some Catholics. Collectively they are calling for a full repeal of section 59 of the Crimes Act. Their counterarguments are based both in theology and in what is actually best practice in parenting. What they are saying is that, theologically speaking, the core of the gospel message is that God is a God of love, not of punishment. God, as heavenly Father, does not punish us as we deserve, but chooses rather to offer us the path of grace and forgiveness. Christian parents should apply the same principles to their children. The authority of Christian parents should not depend on an Old Testament sanction of physical punishment, if one can even be made. Rather, it is founded on love, respect, and relationship. These have to be earned, even by parents, rather than enforced.

I do not believe that the Bible does give a mandate for beating children. I believe that it is up to each of us as MPs to think really hard, no matter what our faith background or non-faith background, about what is going on in our society today, where babies and children are beaten and sometimes killed because parents think it is OK to use physical force against them. I stress that this leaflet talks about using physical force not just against children but against infants and toddlers, and is actually teaching people how to
use that force for up to 15 minutes at a time. That message is reinforced by booklets such as the one I have been talking about, and it is also sanctioned by section 59 of the Crimes Act, which states that reasonable force is OK if we are parents and if we use it to punish our children. I call on all MPs in this House, no matter what their political party or faith background, to think deeply about this question, to read the Family Integrity booklet, and to consider what is more important: to bring up our babies and children free from violence, or to continue with a law that actually legitimises its use by people such as the booklet’s author.

The debate having concluded, the motion lapsed.
required, to the extent it considers reasonably practicable in the circumstances, to consult with the prescribed Australian authorities where it believes that an action it may take is likely to have a detrimental effect on financial system stability in Australia. I repeat, the Australians will be enacting mirror legislation within Australia. The bill also imposes an obligation on a statutory manager of a registered bank appointed under Part 5 of the Reserve Bank of New Zealand Act to obtain the Reserve Bank’s consent before taking any action that is likely to have a detrimental effect on financial system stability in Australia.

The amendments to promote coordination of banking sector regulation will implement the Government’s response to the recommendations of a Joint Trans-Tasman Council on Banking Supervision. That council was set up last year, as a result of an agreement between myself and Peter Costello, in order to progress trans-Tasman issues in banking regulation. It represents a path-breaking advance in home-host supervisory cooperation. Home-host relationships allow for cross-border supervision of banks operating in more than one country, and changes should allow regulatory costs while still allowing the Reserve Bank to continue to meet its existing statutory objectives. The changes will provide significantly greater assurance of cooperation and an obligation to consult, but not unduly constrain, the actions of the Reserve Bank. The obligations on the Reserve Bank apply only to the extent that they are reasonably practicable, and the bank’s existing statutory objectives and responsibilities will continue to apply.

At the same time, a number of minor amendments are made to the principal Act. These amend the definition of “financial institution” to clarify the Reserve Bank’s ability to seek an Order in Council declaring a person to be a financial institution; to update the provisions obliging the Reserve Bank to keep a register of banks, so as to make the provisions more technologically neutral; and to include directors of the Reserve Bank within the classes of persons entitled to protection from liability and a Crown indemnity when carrying out their functions under the Act.

Part 2 of the bill amends the Racing Act 2003 and deals with what I think one could describe as a relatively minor matter. The amendments to the Racing Act will ensure that the New Zealand Racing Board can conduct racing and sports betting in compliance with the law, following the demonetisation of the 5c coin. The Racing Board offers betting under the TAB brand, and is required to round dividends down to the nearest multiple of 5c. But the 5c coin will cease to be legal tender from 1 November 2006. This, of course, will apply only when somebody makes a very small bet—

John Key: In cash.

Hon Dr MICHAEL CULLEN:—in cash—and when the dividend he or she gets is not actually a multiple of 5c—neither of which necessarily represents the great bulk of transactions at a TAB in the modern world. The board will not be able to meet its current requirements once the 5c coin goes out of circulation. The amendments delegate the responsibility for setting the rules surrounding dividends to the board. The board makes betting rules that specify the denomination to which dividends will be rounded. It is appropriate that the board makes those kinds of detailed betting rules rather than Parliament. That is really one of the reasons for the tight time frame of the legislation, because demonetisation occurs on 1 November 2006.

In conclusion, I tell members that the most important part of this bill, of course, is the significant step in terms of trans-Tasman regulatory cooperation. It has been a very difficult issue. It was the highest priority for the Australian Government in terms of the trans-Tasman single economic market issue. On the other hand, we took the position that there are also sovereignty issues related to New Zealand’s position. The outcome is one that I believe serves the interests of both countries, and clears the way for us to make progress on a range of other issues in terms of the single economic market.
JOHN KEY (National—Helensville): On behalf of the National Party I say that it will be supporting this omnibus legislation amending the Reserve Bank of New Zealand Act and the Racing Act. I start by saying that this legislation will be going—as Dr Cullen indicated to the House—to the Finance and Expenditure Committee. I say on behalf of my fellow colleagues on that committee that it is a very hard-working committee, indeed.

Although I cannot comment absolutely about the number of submissions we have received on the other little trick that Dr Cullen’s is trying to pull at the moment—the introduction of a capital gains tax on foreign-held shares—I can say that the number of the submissions we have before that committee is stunning. I think that if the committee were to listen fully and diligently to all of those submissions, then there is no way we could possibly make the time frame of 6 October that Dr Cullen indicated. On top of that, we also have the KiwiSaver legislation, which members of the public will know is very, very technical and, again, full of a lot of issues. Ironically enough, also sent to the Finance and Expenditure Committee has been the Telecommunications Amendment Bill and the changes to the local loop unbundling that the Government is proposing.

All I can say is that I know that Dr Cullen has great faith in the new chairman of the Finance and Expenditure Committee, Shane Jones. I know there is a lot riding on Mr Jones’ shoulders, possibly as the replacement to Dr Cullen when Dr Cullen ekes out his retirement in the next few years. It will certainly be a challenge for Mr Jones to chaperone all of these pieces of legislation through the select committee.

I also say that we support the legislation because it does what we believe is necessary, which is forging closer integration between the banking systems of New Zealand and Australia. Around 85 percent of banks in New Zealand are owned by Australian parents, and it makes a great deal of sense for the central banks on both sides of the Tasman to be working closely together so that they understand the intricacies, and so that the integrity and the heart and soul of our banking system comes to it with the best information available.

I say to the House that I suspect that this legislation is actually not what Dr Cullen wanted. He stood and put a brave face on it as he read out the speech that his Treasury officials had written for him, but, indeed, Dr Cullen actually wanted a single banking regulator. In fact, in his meetings with Peter Costello in Australia, I suspect he told Peter Costello that he would make it happen, that it was a done deal, and that a single banking regulator—that banking regulator being the Australian Prudential Regulation Authority—would, in fact, regulate the New Zealand banking community. That single banking regulator, the Australian Prudential Regulation Authority, would have regulatory powers over here, probably through something like the establishment of the “Australian Prudential Regulation Authority (New Zealand)”. In fact, the supervision capabilities that are undertaken by the Reserve Bank of New Zealand would be taken away from the Reserve Bank of New Zealand just as they have been taken away from the Reserve Bank of Australia and from the Bank of England.

I suspect that over a cosy chardonnay in the lodge in Australia with the future Prime Minister of Australia, Peter Costello, Dr Cullen nutted out an interesting deal. Sadly for Dr Cullen, though, when he came back to New Zealand he was unable to agree with his good friends at FinSec, yet another union that acts as a lapdog for the Labour Party, or with the Governor of the Reserve Bank, who he is also having some difficulty with at the moment—and I want to move on to that in a minute. Interestingly enough, they were unable to agree on that, so he backtracked. Well, that did not make the future Prime Minister of Australia, Peter Costello, a happy little chappy, at all. He was very disappointed that he had poured a glass of Grange Hermitage down the throat of the outgoing Minister of Finance for New Zealand. He said to himself what a waste of
Grange Hermitage it was, as he glugged back the last of the good summer Penfold’s wine. He said to himself: “I don’t think so. Michael Cullen is not going to come over here and tell me that it’s a done deal. I was going to give him streaming of imputation credits. That is out the window.”

Then, in a rather fiery display, we had Michael Cullen saying: “I’m too busy to go to the single economic leadership market debate here in Auckland, New Zealand. I can’t fly from Napier to Auckland to go to that, because it’s a wailing wall of self-interest, and you people from the private sector who have even bothered to show up are a waste of space.” It was so bad that Helen Clark, the Prime Minister of New Zealand, had to cancel her functions and come and apologise to and grovel for the forgiveness of Alexander Downer and the other fine Australian politicians who were over here, because Michael Cullen was too busy having his hair and nails done in Napier at his normal Friday night manicure to go up there and spend a bit of time with the Australians and break bread with them. So I do not think this bill is actually what Michael Cullen wanted, but I think it is just another example of what Michael Cullen has failed to do.

All we can infer from what we have seen in the House this afternoon is that there are definitely moves afoot in terms of the finance ministry in New Zealand. I have high hopes for Shane Jones. He is a new member; I worked closely with him on the select committee. I have high hopes for Shane Jones, but I have to say to him that he should watch the tea leaves and read the messages. Trevor Mallard is not a man who is known for shopping at the finest establishments around town. I do not see him at Zegna; I do not see him at Working Style. I do not think he has bought a tie that has cost more than about $25 in his life. But, today, Trevor Mallard came down to the House, in his loving and caring fashion that he so often treats this Parliament to, dressed up like he had had Karen Walker giving him a bit of advice.

The word on the street is that Helen Clark had said: “Michael is off, Phil is waiting, waiting, waiting in his caravan, and this is your opportunity, Trevor, so if you want to step up here, get yourself a decent suit and, for once in your life, look like a Minister of Finance, then you might even have a chance.” So I say to Shane Jones that he not a bad looking sort of bloke, if we could just dress him up a wee bit. He will have to get down to Zegna and get himself a decent suit and shirt and tie and polish his shoes, because if he does not do that then he has no show of seeing off Trevor Mallard when he becomes the next Minister of Finance. The second thing I want to say in relation to the Reserve Bank Act is the interesting situation concerning the range of inflation. I looked at the policy targets agreement and it states that inflation should be between 1 to 3 percent. It used to be a range of 0 to 3 percent but when Michael Cullen became Minister of Finance he decided—in his typically endearing and loving fashion—that target was wrong and he increased it to 1 to 3 percent. That was very interesting, because it came about at the time of Dr Bollard’s appointment as Governor of the Reserve Bank. Michael Cullen said to Alan Bollard, over a coffee in his office, that there can be a bit more inflation in the system; Don Brash has been a bit hard about raising interest rates, a bit hawkish on those matters. Dr Cullen said he would like Dr Bollard to allow the reins to be a little freer to allow more growth and that we could achieve it with less inflation.

Lo and behold, mortgage-holders of New Zealand will be shocked to know that not only will their mortgage not be going down any time soon, it will be going up. If they want to know why it is going up they should look no further than the present Minister of Finance, as he carries out his swansong activities. He is the man who told Alan Bollard that there was room to allow for more inflation in the system. He is the man who primed the pumps and went out there and drove up capital spending and Government spending.
He is the man who has been hiring bureaucrats like there is no tomorrow, and the man who, interestingly, in the House just a few weeks ago, told New Zealanders in the private sector not to ask for a pay rise, and to accept that 4 percent inflation means they will be going backwards if they accept a pay round of about 2 percent. Yet a couple of weeks ago we heard that the Department of Corrections had settled for 14 percent as a wage round. I am not arguing about whether corrections officers deserve more, but I do know that Michael Cullen says one thing to the private sector and another thing to Government departments. He is the man who has had his foot firmly on the pedal of Government spending.

I shall move, for one moment, from the important parts of the trans-Tasman banking regulations to changes that the legislation makes to the Racing Act. As I go around the racing industry, I am constantly congratulated. It is not often that I feel like a bit of a rock star when I go places but when I go to the races, like Ellerslie, I see people like Sue Moroney's brother. He came up to me and said: “John, I want to put politics aside and shake the hand of the man who made it happen for the racing industry of New Zealand. In forcing New Zealand First to force the Government to adopt that policy, racing can offer something much better for New Zealanders.”

David Bennett: That’s right.

JOHN KEY: Lindsay Tisch and David Bennett are to be congratulated on their efforts. David Bennett comes from a wonderful part of the country where there are many stables, as does Lindsay Tisch. They have spent years working for that change. It has made a huge difference to the racing industry. The racing people of New Zealand are very, very grateful. The Racing Board will have authority over whether it rounds down or rounds up dividends. For the sake of punters who have supported that industry so strongly, I say to the board to round up, be generous. Although we know that Michael Cullen is not generous, the Racing Board can be.

SHANE JONES (Labour): I stand to address, and obviously support, the Reserve Bank of New Zealand Amendment Bill, and follow on from Mr Key’s remarks. Indeed, the select committee that will be dealing with the bill is endowed with great industriousness. I must say that our committee is well stocked with fruit. Of course, Mr Key has had more than his share, because part of what he has had to say was very fruity, but he likes the watermelon, which, no doubt, caused the media to observe that he is blessed with a watermelon smile. But also, as the watermelon seeds lie around the table, they are joined by the apple seeds, which is how we refer, privately, to those two very hard-working boys from Hawke’s Bay—the “Johnny Appleseed” boys. So we look forward to working together on the committee dealing with the bill.

There are a couple of important portions that we must never overlook in relation to the bill. Firstly, it has enabled us to achieve a level of equivalency in terms of not only the Reserve Bank of New Zealand pitching in and bearing a significant part of the burden to effect trans-Tasman harmonisation but the counterpart organisation in Australia will also bear that burden. That is quite different from how the media, unfortunately, had exaggerated the issue some time gone by, saying that New Zealand’s Reserve Bank was going to be assimilated and to disappear and become analogous to the state of Tasmania.

Secondly, we need to bear in mind that underlying the trans-Tasman strategy is the Government’s ongoing drive to reduce the costs of doing business, trade, and commerce between our two economies. I know that our friends from the Opposition will point out that they could do it better, but they have only really got two ideas at the moment, and they are enveloped by those two ideas. In fact, they are obsessed by them. The first is that we can continue to maintain services, grow the economy, and slash the tax base. They will continue to trot out that line, but unfortunately for our colleagues in the
Opposition—and they will be there for many a year to come—the country did not buy that line.

The second is that they are obsessed at the moment with the leadership issue, and that, unfortunately, impedes their ability to—[Interuption] I hear the man from Hamilton, who, when he is not using a scalp-brush, is offering inanities to Winston Peters. He needs to learn that one cannot attack the kaumātua of the House without having earned one’s stripes; and one does not get the korowai until one has the experience, I tell the man from Hamilton.

There are only two things that enliven, that animate, our friends from the Opposition. The first is tax cuts, which the country did not buy because people realise that they would degrade services and undermine the viability of the State’s ability to deal with our vulnerable members in society. The second is that they are unable to articulate or portray any alternative, because they are obsessed with their own leadership issues. As a consequence of being embarrassed by that, they make gratuitous and very unwise remarks about the prospects of members on this side of the House. I look forward to dealing with the bill in the select committee, and it will be dealt with in a very professional fashion, hopefully in the spirit of consensus.

CRAIG FOSS (National—Tukituki): I rise to speak to the Reserve Bank of New Zealand Amendment Bill. As my colleague John Key pointed out earlier, the National Party will be supporting this bill, at least to go to the select committee, because we support all good legislation that fits nicely with the future direction of New Zealand. I thank the previous speaker, the chair of our Finance and Expenditure Committee. I noted that earlier on he sat in the Prime Minister’s seat in this House, which was interesting and did not go unnoticed by members on this side.

I need to give a quick lesson in economics, perhaps, to those who may be somewhat confused about various patsy questions that arise in the House and who wonder about the wisdom of tax cuts, etc. Quite simply, an analogy is a chequebook versus a balance sheet. If the balance sheet shows a surplus of about $8.5 billion, then there is plenty of room for tax cuts to utilise those assets—to leverage off those assets, to use the assets that have already been paid for—for future generations. If we have a only few dollars left in our current account, in our chequebook, then of course there is no room for tax cuts, but, as we have previously pointed out, that balance can be whatever we choose it to be. It is just a mere timing issue.

The bill has two parts. The first part amends the Reserve Bank of New Zealand Act 1989 and the second part amends the Racing Act 2003. It might surprise some, perhaps, that I would like to speak about the amendment to the Racing Act first. As race-going members of the public and the punters know, the National Party has long been a great supporter of the racing industry in New Zealand—testimony to Lindsay Tisch’s hard work and formulation of policy in the 2005 election. There are allegations that our policy was cut and pasted off our website to one of the minor parties in the House. I am not sure whether that party is in or out of Government. But there is a key point to that, and, as the Minister alluded, it is driven by the elimination of the 5c coin. Why does the bill state that any amounts must be rounded down and not up? For example, if someone wins $1.29 on the races, why does the bill dictate essentially that he or she should receive only $1.20? Why should that be? Perhaps it is a drafting error that will be addressed at the select committee, or perhaps it is just typical of a Government that has no thought for the poor New Zealander who is struggling and who might spend a few dollars at the races. It is indicative of the Government’s approach to the few meagre dollars left in the hands of New Zealand punters and bettors at the races. The bill also incentivises account trading at the races versus cash. That is an interesting debate and perhaps is one that the wider society should have.
But most of the debate on this bill will be around the amendments to the Reserve Bank of New Zealand Act of 1989, and I will refer to that part now. Yes, as previous speakers have pointed out, this bill is a lot better than the one originally proposed. The Australian Prudential Regulation Authority model was not a goer. I was very interested to hear Mr Key’s comments as to how this current proposal came about—and goodness gracious, would it not be nice for New Zealand and Australian investors to have imputation streaming? Here we are, talking about various tax bills, etc., yet imputation credits with our nearest neighbour and greatest trading partner are not even on the agenda. Perhaps the wine served at the lodge that night was not very good.

I was interested that Dr Cullen used the word “sovereignty”, and I am glad he raised that point because there is much debate around the sovereignty of New Zealand at the moment. There is also a definite Australianisation of many things New Zealand. That is an inevitable case of the cross-pollination between our two countries and the investment between the two. That is fine, but there has not actually been public debate around the issue. I heard a very good speech recently from someone alluding to this same point—to the Kiwi meeting the kangaroo—and this is another example of that. But much of the action, be it in the area of food regulation, pharmaceutical discussions, etc., has all been done below the radar.

There has been no great public debate about those matters and I find that quite surprising, given that some recent changes proposed in New Zealand have been quite fundamental to the nature and make-up of New Zealand and New Zealand business. The structural changes that have gone through, and those that are proposed, will affect our country and our sovereignty for many, many years to come. Most of them are irreversible. I am very surprised there has not been more debate around the issue. We can imagine the outcry if the New Zealand Rugby Union were to be regulated by the Australian Rugby Union. Yet here we are, talking about the core balance sheet of New Zealand being merged and assimilated, and moving closer to Australia. I am not saying that is a bad thing; the bad thing is the lack of debate around the issue.

A previous speaker alluded to New Zealand becoming closer to Australia. Of course, being a proud MP from Tukituki in the Hawke’s Bay, I would have to bring up the issue of apples. We are becoming closer to Australia in the areas of communications legislation, health legislation, food legislation and regulation, and—here we are—Reserve Bank legislation, yet New Zealand apples still cannot get into Australia. Although I had a little fun about the earlier points—and I am sure a speaker from New Zealand First will stand up and speak about the racing industry—I also notice that part of New Zealand First’s confidence and supply agreement with the Government relates to New Zealand apples gaining access to Australia. I say “Godspeed!” to those gentlemen, because it looks as though that is moving on to the horizon. I also look at the context, as we examine this bill, and say that we cannot have it both ways. As I mentioned, New Zealand apples cannot get into Australia, yet we have just taken honey from that country—and this debate is about making our financial regulation closer to Australia’s.

Mr Key pointed out that there is already $59 billion of Australian investment in New Zealand. That is an absolutely phenomenal amount. It is about a quarter of the total foreign investment in New Zealand. About 20 percent of New Zealand’s exports go to Australia and most of our top sports teams are in various competitions jointly with Australian sports teams. Currently, and in a similar vein, there are discussions and a debate over a code-share between Air New Zealand and Qantas. The Westpac New Zealand Bill was alluded to in the House today. There are many, many similar things going on, and I stress again that we must have a greater debate on them.
In the recent Budget, money was allocated to the debate around national identity, but the debate about New Zealand becoming closer to Australia was not even touched on. This bill is a natural progression of trading and, in the Anzac spirit—or whatever we want to call it—of becoming closer to our mates. We have seen a similar model in Europe that has gone further, with countries in the European Union aligning themselves. But, goodness gracious, as New Zealand becomes closer to Australia, surely we would want our economy to be fighting fit so that we line up somewhere against New South Wales and Queensland, not stacked in behind Tasmania somewhere. But, sadly—and we all know the statistics at the moment—New Zealand’s gross average income is less than the Australian average net income. So as we become closer to Australia, be it in the back office with regulation and process, how on earth will New Zealand be able to go head to head, as we do need to do to compete and go hard against Australia?

To round up, National will be supporting this bill going to a select committee. I look forward to working on it there with our hard-working fellow members—most of them turn up all the time. But I just note in the context of this debate that we need to address exactly where we want New Zealand to go in 10, 15, or 20 years’ time, because this bill starts to set the stage for New Zealand to be much, much closer to Australia. Thank you.

R DOUG WOOLERTON (NZ First): New Zealand First will support the Reserve Bank of New Zealand Amendment Bill. In speaking to the bill I will mention a few relevant points and talk a little about racing, because some of the statements I have heard from National members are nothing short of astounding, I might tell people.

New Zealand First is in favour of the Reserve Bank of New Zealand Amendment Bill because we think it is appropriate that we line ourselves up with Australia on financial issues. We are not in favour of a single currency. We are not in favour of joining Australia at the hip or anything like that. But we do think it is appropriate, given the amount of money Australia has in New Zealand, and New Zealand has in Australia, and the amount of involvement there is by both countries in business in both countries, that we have a taxation system, reserve banks, and treasuries that understand each other and talk to each other all the time.

I think it is quite cute that we have a bill that asks us to take account of the Australian Treasury—I do not think they use the word “Treasury”; they use another word—and we are asked not to do damage to the Australian economy, and of course, tit for tat, they are asked not to do damage to our economy. It would have been nice to have had something like that sort of arrangement with the Cook Islands when Michael Fay and Co. were rushing around setting up tax havens in those countries, and we could not have imagined anything of a like nature happening between ourselves and our brothers and sisters in Australia. So New Zealand First supports this legislation.

When it comes to the racing business, we have heard that the 5c coin will disappear, and that the New Zealand Racing Board will become responsible for rounding up—or down—its dividends, and it will do that to the nearest 10c in the future. But it is important that it has the power to do that, because otherwise we would have to come back to this House for permission to do that, and we do not think that is appropriate.

I have to share with the House the great joy of people in the racing industry, especially in the Waikato, that the Rt Hon Winston Peters is the Minister for Racing and that he and the Labour Government have delivered long-sought equality in taxation, enabling them to put—and Sue Moroney will shake her head if I am wrong—something in excess of $30 million into the business. That will go to stake money and to shoring up an industry that had been neglected for many, many years, mostly by the National Party. It astounds me to hear that John Key, for heaven’s sake, who no doubt goes to plenty of racetracks but has hardly been involved in the racing industry, taking credit for things New Zealand First and the Labour Government have done. It is outrageous,
furthermore, to talk in the same breath about Lindsay Tisch doing like things or—
heaven forbid—David Bennett in Hamilton, whom I have never even heard mention the
word racing, let alone seen doing anything about it. Lindsay Tisch has certainly talked a
lot about racing but has never done anything. It has taken New Zealand First, in
conjunction with Labour, to make the long-held dreams of the racing industry come
ture.

The industry will go forward now, after many years of stagnation—in fact, after
regressing year after year as other gambling institutions were brought into this country.
Now, at long last, it can go forward, and people in the industry are thankful for that.
Unfortunately I did not bring with me an article in the *Waikato Business News* that sings
the praises of the Government, and in particular of Winston Peters for the things he has
done. I assure members that they will find no mention of Lindsay Tisch, David Bennett,
or John Key in that article or in any other article on racing. Sue Moroney, who will
speak on this bill, is closely associated with that industry and can confirm what I have
said.

I am continually amazed by the leadership aspirations of John Key. I know that Bill
English aspires to get back into the leader’s chair, but John Key is something else. I do
not know whether he realises—

Chris Tremain: It’s the Reserve Bank amendment bill!

R DOUG WOOLERTON: Well, John Key mentioned this matter. I am only rolling
along after him.

Anne Tolley: Talk about the bill!

R DOUG WOOLERTON: It is no use the National Party junior whip waving her
hands, either. I will talk about the Reserve Bank of New Zealand Amendment Bill, but
John Key chose to talk about these things and I will answer him. It does his chances no
good to talk in this House about $25 ties. Do members remember that he spoke about
that just recently, or have they already forgotten? He talked about $25 ties as though he
did not know anybody in his sphere of influence who wore them. I tell the House that I
wear ties of less than $25 in value, and I am proud to tell the whole country that.
Matters are reaching a very sad state when a person—[Interruption] Yes, I will talk
about the Reserve Bank of New Zealand Amendment Bill. I think it is very sad when
we have members speaking with contempt about people who buy $25 ties and do not
buy brand-name suits. Anyone who does not understand me can look in *Hansard*
and see those words written there.

It is sad that John Key is becoming a man who ranks style over substance—unlike
the chair of the Finance and Expenditure Committee, who will shepherd these measures
through the select committee and will make a good job of ensuring they receive the
scrutiny they deserve. He will make sure that they receive the attention they deserve and
are passed into law.

I think it is a good thing that we are coming closer to Australia in these matters. I
have said before that we do not favour a relationship that is too close. We in this
country favour our own independence, and New Zealand First will fight for that to its
last breath. I suspect that National does not see it quite the same way. I think National
would be quite pleased if we were to join with Australia, whether financially or in any
other way. We think it is appropriate to work alongside Australia but not to join up with
it. We value our independence leading into the future.

TARIANA TURIA (Co-Leader—Māori Party): Every now and then I feel the call
to be Aussie bound. It is not the Dreaming of Uluru, Ayers Rock, that draws me, nor
even the recognition of reconciliation for Aboriginal and Torres Strait Islanders. Those
are important and indeed historic symbols of cultural pride, but that is not what draws
me. It is about whānau: Naani in Melbourne and Ngāhua in Brisbane—my sisters—my
brothers, Anthony and Bernard; and my nieces, nephews, cousins, and mokopuna. So I come to this bill thinking of them.

This bill will amend the Reserve Bank of New Zealand Act to implement the trans-Tasman coordination of financial sector regulation—changes that will move us further towards a single economic market sooner rather than later. The new Reserve Bank website promotes the message “Change for the better”. The change to achieve the trans-Tasman coordination of financial sector regulation may well be for the better, if we think of the many New Zealanders—indeed, the many whānau—who live across the Tasman.

It is precisely because of those large numbers that Te Puni Kōkiri is funding a study of Māori who live in Australia. Early survey results show an overwhelming response that Māori are going to Australia for better pay. Evidence shows that employment chances for Māori women, in particular, are better in Australia than here, and I for one would like to know more about why that is so. And if there was ever a time to see the contrast between the two major economic markets of Australasia, it is now. The number of people living in Australia who claim Māori ancestry jumped by a massive 233 percent in the 15 years to 2001. Māori in Australia now number well over 100,000, which is 20,000 more Māori than are in the entire South Island.

This House has to come to terms with the huge loss of tangata whenua who are leaving their homelands. Why is it happening? Why are our whānau leaving Aotearoa in such huge numbers? Fifty-four percent of these “Mozzies”—Australian Māori—were in the prime childbearing age group of 15 to 44, and a further 31 per cent were aged under 15. That is a huge drain on our cultural capital. The human cost of that demonstrates the dire consequences of economic decisions made here. The upward trend will just go on for as long as economic differences between the two countries exist. So if this bill can do anything to keep our whānau home, it will be a good thing.

The bill requires our Reserve Bank to cooperate with Australian financial authorities and to avoid actions that are likely to have a detrimental effect on their financial stability, including interfering without sourcing arrangements. Those changes are immediately relevant to the Reserve Bank of New Zealand, in light of its outsourcing policy released in January 2006. That policy defined intervention in outsourcing arrangements as being any action that is detrimental to financial stability in the other country.

The reality is that closer economic relations between Australia and Aotearoa are inevitable. We need to be open to all the possibilities that could emerge. The Māori Party has been acutely aware that although the development of a single economic market with Australia may produce a potential risk to rangatiratanga, that could be offset by increased financial stability. But we jealously guard our independence as a country. Although as a nation our rangatiratanga may diminish, as hapū we may benefit if more of our profit and wealth-seeking incorporations find it easier to do business abroad—in this case, in Australia. Lower costs for bank services and heightened financial stability could mean that whakapapa-based commercial entities like Māori land incorporations would be better able to serve their stakeholders. Indeed, a firmer financial grounding may well open up opportunities for innovation and growth that tangata whenua can invest in, to help shape our destiny. As an example, the diversification of land incorporation into land-based activity across international boundaries may produce a new combination of risk and profitability that enhances their ability to serve their beneficiaries and shareholders better.

These are, as the Reserve Bank would say, changes for the better. But these changes can be supported only if the advantages from such financial stability for indigenous peoples, including Pacific peoples, are envisaged and planned for. We must ask the
question of how the goal of a single economic market will enhance the indigenous people of Australia. Will a single economic market protect the traditional lands of Aboriginal communities, their rivers, their lakes, and their mountains? Will a single economic market support their culture and value, enabling elders to pass on their knowledge, arts, rituals, and performances from one generation to another? Will a single economic market preserve their cultural property, develop their languages, and maintain their sacred and significant sites? Or will the tangata whenua in Australia be placed under duress, as we exploit commercial opportunities in their land?

The bill will set in place a regime in which all registered New Zealand banks, as well as the Reserve Bank, will be required to consult prescribed Australian authorities before taking actions that are likely to be detrimental. Although we will support this bill at its first reading, we expect subsequent iterations to provide for the explicit recognition of the tangata whenua of Australia. We also expect subsequent iterations to demonstrate how the anticipated gains might be shared with the people of the islands of the Pacific. The issue is all about whose voices are heard and whose feet are under the tables of power.

We are pleased that the obligations set in place for New Zealand banks will be matched by equivalent changes that will require Australian financial authorities to cooperate with our Reserve Bank. But we also seek to raise the point that the proposed initiatives should not be established just as a preventive measure to reduce the likelihood of any detrimental effects on financial stability in either country. If reduced operating costs and more financial stability will result, why should we not also consider the opportunity benefits that could be replicated elsewhere in the Pacific? One wonders what scope there may be for Aotearoa to encourage discussion with our close neighbours in Te Moana-nui-a-Kiwa. Indeed, perhaps tangata whenua should assume a more prominent role in shaping Aotearoa’s relationships in the Pacific. Australia and Aotearoa have the financial strength and administrative know-how to also extend an inviting hand to our whanaunga in the Pacific, and that may well be a beneficial outcome of the intervention contemplated in this bill.

This bill sets in train a relationship that has evolved over the last century—a relationship that reflects an enduring testimony to the shared Anzac spirit. The historical, economic, social, cultural, and political foundations of this relationship run deep, and it is only fitting that we respect the relationship by ensuring wide and open public debate before we presume to take this step. The Māori Party will support the bill at its first reading, both for the potential benefits to the New Zealand economy and for—and this is important—the opportunity for a wide-ranging public discussion to take place that enables all New Zealanders, both here and across the Tasman, to speak of their vision.

That vision may indeed build on the tradition established from Gallipoli, of working together as allies and partners, but there will be other visions that argue to protect the sovereignty and control of both nations. Just as the yellow and green squads identify our teams with the silver fern or the passion of “Kapa o Pango”, there will be those who hold a vision for Aotearoa that does not include the lands across the ditch. The Māori Party hopes that in the debate about the pros and cons of a single economic market objective, there is sufficient space to hear the views of New Zealanders about how best to protect national interests.

GORDON COPELAND (United Future): I rise to take a call on behalf of United Future on the Reserve Bank of New Zealand Amendment Bill, which is an omnibus bill.

Tariana Turia: I raise a point of order, Mr Speaker. I just want to point out to you that I rose to speak in place of the Greens, whose members have not yet spoken.
The ASSISTANT SPEAKER (H V Ross Robertson): I thank the member, but I am aware of that.

GORDON COPELAND: The bill seeks to amend the Reserve Bank of New Zealand Act 1989 and the Racing Act 2003. I will confine my remarks simply to the part of the bill that refers to the Reserve Bank. I begin by saying that United Future as a party is open to the possibility of a currency union with Australia. I was part of a Finance and Expenditure Committee delegation that went to Canberra in 2004. In our discussions with our opposite numbers in the Australian Federal Parliament we talked quite freely and openly about the different ways in which a currency union between our two nations could be advanced.

We said that the real political problem we have with the idea of a currency union is the thought of New Zealanders using Australian currency—of our having kangaroos, emus, and the like on our notes in New Zealand instead of tuatara and kiwi. The response was that we did not have to take that route. It is possible to have a currency union whereby we preserve a distinctive currency for New Zealand—namely, New Zealand dollar notes and coins as we now have them—and Australia also retains its series of notes and coins as it now has them, but notwithstanding that, we would have a currency union.

We came back from the visit to Canberra, and the next time the Governor of the Reserve Bank came to see us I asked him whether such a thing would be feasible. He said straightaway that it is perfectly feasible. He pointed out, for example, that England has different banknotes from Scotland, yet they are part of one single currency union.

I felt that that was quite an important piece of the jigsaw. I agree with New Zealanders that because I am a proud kiwi I do not want to go around with a whole wallet full of Australian banknotes, but I do think we should continue to look positively at what might be the advantages to New Zealand of having a currency union that is based on our retaining our currency, and the Australians retaining theirs.

That may have implications for many, many aspects of, for example, monetary policy. We should carefully work through the pros and cons of that, against the criteria of what is in the best interests of New Zealand. If there is conclusive proof that such a currency union, including the possibility of having a joint monetary policy, would benefit the New Zealand economy, then I believe we should be open to it. We should look at it objectively, and not run away straightaway and say that that means we cannot have an All Black team.

A number of New Zealanders have asked why do we not become just another state of Australia, but many, many more have said to me that we are not going there, because it would mean the demise of the All Blacks. I am in the latter camp. I think that for the foreseeable future we want to retain ourselves as a separate, sovereign, independent nation with our own rugby team, our own cricket team, and our own teams at the Olympics. But that does not mean to say we cannot look at ways of constructively working together.

One has only to look, for example, at the European Union. The French still have their identity. As we saw in the soccer world cup, France played another European nation, Italy, in the final. So none of that need change. But what we can do is explore positively having a closer relationship with Australia, to the extent that it benefits our economy here.

Tariana Turia made some remarks about her recurring temptation to live in Australia, which she has successfully resisted. I do not think it is at all likely. She is as committed to this nation as I am. I will not be going to live in Australia, either. But we should be aware that it is a deliberate policy of the Australian Federal Government to solve its demographic problem, which is worse than ours, by encouraging New Zealand families
to shift to Australia. That is one of the realities of the world we live in, and we have to have a policy response to it.

However, having said all that, and coming back to the Reserve Bank specifically, whatever the future may be of a currency union or a joint monetary policy approach, I am absolutely determined that we will always have a separate Reserve Bank in this nation. We need to have a separate Reserve Bank because one of its functions is also the prudential supervision of banking operations in New Zealand—of registered banks in New Zealand. As we know, our banking market is dominated by large Australian-owned banks. Only a very, very small part of our banking is in the hands of Kiwis—Taranaki savings bank and now Kiwibank. So for all time we will have a very, very important function for our Reserve Bank to undertake in terms of, to put it bluntly, keeping the big Aussie banks honest—honest in terms of the security they provide to New Zealand depositors in those banks.

One of the reasons that the Westpac legislation will go through this Parliament shortly is that it changes that bank’s status from being a branch of a large Australian bank in New Zealand to being a separate subsidiary in New Zealand, and we need to protect New Zealand depositors in the event, God forbid, of the parent company in Australia coming under stress, or worse. We need to be conscious that we, as New Zealand parliamentarians, have an obligation to make sure that New Zealand depositors are protected in that situation. There is some doubt under Australian law as to whether depositors in Australian banks here would rank pari passu—that is, equally—with Australian depositors in the same banks, because Australian law gives preference to its own citizens. That is very, very important and we should not be naive in dealing with the hardnosed Australians; we should ensure we keep those safeguards in place.

With those few remarks, I signal that United Future will be voting for this bill to go to the select committee so that we can look at the issues and hear submissions from the public.

JEANETTE FITZSIMONS (Co-Leader—Green): The real issues around our banking system go much deeper and are much more significant than the ones covered in this bill, but perhaps it is a good idea to have a look at the state our banking system is in now. Ninety-eight percent of New Zealand’s banking assets are owned overseas. That means that the profits, which are very substantial, occur to investors in other countries. Brian Gaynor has described banking as by far the most profitable business in New Zealand. The net earnings of those banks, which go straight out of the country from the pockets of all New Zealand borrowers and depositors, were $2.63 billion in the last year. It is a major reason for our current account deficit. In fact, on top of that $2.63 billion that leaves the country right away, there is the additional borrowing of Australian banks overseas. When we add the two together, the sum is in excess of $4 billion a year, which is almost 30 percent of our current account deficit. So that is a very considerable contribution to what is perceived to be causing the instability of the New Zealand economy, which is that extremely high current account deficit.

It is not only money that goes overseas, but jobs are also following, particularly with more outsourcing, and more centralising of functions in Australia at parent companies. Functions like credit assessment, internal audit, accounting, data processing, information technology management, and risk management are being outsourced. Jobs in the New Zealand banking system have decreased while profits and turnovers have increased.

It is hard to see how a country has much economic sovereignty at all if it has zero control over its own financial sector. I guess the question is whether this Reserve Bank of New Zealand Amendment Bill will make the situation better or worse. It is quite hard to tell. The history of New Zealand’s merging with Australian regulators has not always
been to New Zealand’s advantage. We have often been treated as an eighth state of Australia rather than as an independent sovereign State. I think particularly of food safety regulation, where New Zealanders really have no say on what is in our food; it is all decided by a trans-Tasman agency. I think of problems we have had in the past in trying to set energy efficiency standards. If Australia did not set the same standards then, under the Trans-Tasman Mutual Recognition Arrangement, products could not be restricted in New Zealand, either. So we have to be careful in terms of joint regulation.

I appreciate that the bill does not go as far as the Australians initially proposed, with a single regulatory body, and that is good. Instead, the bill requires the Reserve Bank, where reasonably practicable, to cooperate with the prescribed Australian financial authorities and avoid action that is likely to have a detrimental effect on financial stability in Australia, just as Australian authorities are required to avoid actions that will have a detrimental effect on our financial stability, and that includes their outsourcing arrangements.

It is quite hard to tell the impact on New Zealand of tying the hands of the Reserve Bank in its prudential oversight of trading banks. Is the New Zealand economy large enough for an action our bank might want to take to be deemed as having a detrimental effect on financial stability in Australia? I do not think we know that. I do not claim to know that. But if, for example, the bank wanted to use one of the very few tools available to us to do something about New Zealanders’ extraordinary capacity to borrow and raise the total capital requirements, would it be prevented from doing that? If it wanted to get rid of the bias towards the residential housing market, where only 50 percent of housing borrowing counts towards the 8 percent capital requirement, could it be stopped from doing that? I do not know the answer to that, either, and I think we need to hear the submissions and the debate in the select committee before the Greens will have a view on how we will vote in the final stages of this bill.

On the positive side, though, there are some protections here. The moves by the Reserve Bank to set in place some systems to control the risks posed by outsourcing are necessary. In Australia, banks are outsourcing around the globe. Call centre work is going to Mumbai, for example, where there have been terrorist attacks recently. Could the wiping out of call centres have a major destabilising effect on New Zealand’s financial situation? The Reserve Bank here is responsible for securing financial stability in New Zealand; it is hard to do that if most of the functions undertaken by the banking sector are happening overseas. So we support moves by the Reserve Bank to control the risks of outsourcing, and we are pleased that outsourcing is included in this bill.

New Zealand has lost much of its economic sovereignty. We have only two New Zealand - owned banks—Kiwibank and the Taranaki savings bank. Between them they have less than 8 percent of banking assets. We must take steps to limit the impact of decisions made by other countries on our financial stability, but we have concerns about where that might end. We know that some New Zealand businesses are looking for a single banking system between New Zealand and Australia. We were warned very clearly with statements on this bill by Dr Cullen and Mr Costello, whose words are still ringing in our ears, that these measures will remove barriers on the way to a single economic market. That is not where the Greens want to go. It is actually not about our banknotes, as Gordon Copeland has suggested; it is about economic sovereignty itself. It is about self-determination. Cooperation with Australia? Yes, absolutely. A takeover? No!

**CHRIS TREMAIN (National—Napier):** I congratulate the last three speakers, who managed to drag the debate back to the Reserve Bank of New Zealand Amendment Bill and away from a discussion about $25 ties. I think it is important that we bring the discussion back to trans-Tasman ties and to the impact of those on the bill.
Just before I do that, I would like to acknowledge a gentleman who has just been in the Chamber, a former MP, Grahame Thorne. I am sure all members of the House would join with me this evening in acknowledging the predicament that Grahame’s family find themselves in with their son, and we wish them Godspeed with the events that progress from here. Our thoughts are with Grahame and his family.

I come back to the Reserve Bank of New Zealand Amendment Bill. In the heat of other debates, such as the Taito Phillip Field saga, the ongoing issues around New Zealand’s butter trade and the European Commission, and the ongoing argument over whether the police continue to set quota targets for traffic enforcement, we in Parliament are often forced back to the realities of parliamentary debate around subjects that the average New Zealander probably does not know a lot about or, in the greater scheme of things, probably does not care a lot about. However, in saying that, it is important that those who are listening to the debate understand what this legislation is about. This evening I would like to talk to people about this legislation and give them an understanding, firstly, about the Reserve Bank and its functions in this country, and, secondly, about how this legislation will impact on the Reserve Bank. Thirdly, I want to look at the impact of the legislative changes.

Just to commence, I refer to the two key features of the bill, which have been quite adequately pointed out tonight. The first amendment is the implementation of the Government’s response to the recommendations of the Trans-Tasman Council on Banking Supervision. In a nutshell, the bill will oblige the Reserve Bank to cooperate with the Australian authorities by supporting them and by avoiding actions that would be likely to have a detrimental effect on the stability of the financial system in Australia. That is the first side of it. The second amendment the legislation deals with, which I will not focus on too much tonight but which New Zealand First and other speakers tonight have focused on, would let the Racing Board decide, as part of its betting rules, how dividends will be rounded—whether they will be rounded up or down. I guess most of us in the House, and anyone who is associated with the racing industry, will be hoping it will look to round those dividends up. In finishing that summary, I say that National is supporting this legislation going to the select committee.

I would now like to discuss how the Reserve Bank fits in, in terms of this country and this legislation. The Reserve Bank is similar to other central banks around the globe, and it has three core functions. The first is to operate monetary policy in order to maintain price stability. In that regard, it has a range of between 1 and 3 percent at which it is expected to maintain inflation. I will not go into detail about that, but right now our inflation rate is at 4 percent, which is significantly above that target and is causing concern in the financial sector. There are different calls out there about whether the official cash rate should be lifted again above the current 7.25 percent, which would have a detrimental effect on the nation’s businesses. We depend on having interest rates that are competitive on an international basis in order to have the best chance of competing internationally with the likes of Australia and Asia, which have interest rates significantly below where our own are just now, and this is certainly a concern.

The second area the Reserve Bank is responsible for, in addition to controlling monetary policy, is meeting the currency needs of the public. In this regard, the Reserve Bank is responsible for issuing New Zealand’s currency. It also has some other functions in that regard: acting as a banker to the banks and providing inter-bank settlement facilities and related payment services. That is its second function.

Its third function, which is largely impacted by the legislation before us, is the promotion and maintenance of a sound and efficient financial banking system. The Reserve Bank is responsible for the registration and prudential supervision of banks. We as parliamentarians often throw around the term “prudential supervision”. It is a term
that many people in the general public do not actually understand. Effectively, prudential supervision is the audit of banks’ assets and liabilities—their balance sheets—so that we can understand the true financial position of those banks and make sure they are within certain financial ratios, so that, at the end of the day, the consumers who bank with the different banks are protected. The bank is also responsible for helping to promote a sound and efficient financial system. Overseas-owned banks are permitted in New Zealand, and we operate a light-handed regulatory regime for banks that relies on a combination of self-market and regulatory discipline. There is no Government guarantee for individual banks or any depositor protection in New Zealand, so that is why the prudential system is so important.

Let us move into the guts of this bill and how it will have an impact on the responsibility of the Reserve Bank. Under the Reserve Bank’s goal of promoting the maintenance of a sound and efficient financial system, it is working with the Trans-Tasman Council on Banking Supervision. As the Greens pointed out just before, the high degree of Australian ownership of New Zealand banking assets, as well as the increasing international regulatory requirements, has led to moves by the Reserve Bank to increase global banking policy cooperation. I pulled off the Reserve Bank website just recently a press release from March 2005—which is when the banks first started going down this track—in which Mr Bollard pointed out: “the Council is not based on statute and so does not derogate in any way the Reserve Bank’s responsibilities.” He said that regardless of the Trans-Tasman Council on Banking Supervision: “We continue to maintain and develop the capacity to preserve New Zealand’s systemic financial interests”. It is an important point. We are still maintaining our independence. He continued: “This includes developing crisis management capabilities, and ensuring that there exists the legal and practical ability to operate a failed bank if necessary via our local incorporation and proposed outsourcing policies.”

So let us look specifically at what the new legislation will do in respect of the trans-Tasman banking policy harmonisations. The key elements are these: firstly, there will be a general provision requiring each regulator to support the other in fulfilling its statutory objectives; secondly, there will be a specific reference in the definition of actions likely to have a detrimental effect to actions that interfere with or prevent the provision of outsourced services to a related party in the other country; thirdly, there will be a requirement that, where reasonably practicable, the regulators consult with each other before exercising a power that is likely to have a detrimental effect on financial system stability in the other country; and, lastly, there will be a requirement that an administrator or a statutory manager in Australia advise the Australian Prudential Regulatory Authority if the administrator or statutory manager has reasonable cause to believe that the proposed exercise of a function or power by the administrator or statutory manager is likely to have a detrimental effect on financial stability in New Zealand—quite a mouthful!

The key impact of these legislative changes will have an immediate relevance to the Reserve Bank’s policy on outsourcing, as Jeanette Fitzsimons pointed out just before. What does outsourcing mean? In a nutshell, the banks do quite a significant amount of outsourcing in this country, particularly in terms of their computer resourcing and their computer backups, so some significant costs will be brought back on to the banks to ensure that outsourcing is brought back into this country. It is one of the key things that will have a big impact in that regard.

I have just a few closing comments. Closer integration of banking supervision with Australia is appropriate, I think, given the degree of integration that already exists between the New Zealand and Australian banking systems. Most banks here are owned by Australian parents. Firstly, as Jeanette Fitzsimons pointed out, with only 8 percent of
the banks in this country being New Zealand owned, we need to be part of this legislation. Secondly, the bill strengthens the arrangements for coordinating with Australia in the event of a general crisis or a specific bank failure involving across-border banks. It will be an improvement on what we have at the moment and better than the other alternative the Government was looking at, which was having the Australian banking regulator, the Australian Prudential Regulatory Authority, being the sole regulator of Australian banks operating in New Zealand. It is a good example of our working closer together with Australia for mutual benefit. I comment that it is a pity Michael Cullen seems to have cooled on closer integration with Australia, as was evidenced by his failure to attend this year’s Australia New Zealand Leadership Forum and his calling it a wailing wall of people pushing their own barrows.

Bill read a first time.

Hon NANAIA MAHUTA (Minister of Customs) on behalf of the Minister of Finance: I move, That the Reserve Bank of New Zealand Amendment Bill be referred to the Finance and Expenditure Committee for its consideration, that the committee present its final report on or before 9 October 2006, and that the committee have the authority to meet at any time while the House is sitting, except during oral questions, during any evening on a day on which there has been a sitting of the House, and on a Friday in a week in which there has been a sitting of the House, despite Standing Orders 192 and 195(1)(b) and (c).

Motion agreed to.

BUSINESS LAW REFORM BILL

First Reading

Hon LIANNE DALZIEL (Minister of Commerce): I move, That the Business Law Reform Bill be now read a first time. At the appropriate time I intend to move that the bill be referred to the Commerce Committee and that the committee present its final report on or before 19 October 2006.

The Business Law Reform Bill is designed to give effect to the Government’s overall objectives to clarify and update the intended purpose of various statutory provisions, remove unnecessary compliance costs, and ensure consistency between different legislative requirements. I am pleased we have been able to effect such substantive change, as well as introduce technical amendments, through an omnibus Business Law Reform Bill. May I take the opportunity of thanking other parties in this House for the opportunity to introduce a Business Law Reform Bill. It is a good opportunity and one that I hope we will see expanded to allow for other subject areas to take similar advantage, and also to allow for regulatory improvements to occur in a timely fashion.

This bill represents a stage in the incremental improvement of existing business law to achieve the goals of clarity, efficiency, and effectiveness, which I am sure all parties will agree with. This is the third Business Law Reform Bill to come before the House. The bill includes amendments to the Financial Reporting Act 1993, the Companies Act 1993, the Friendly Societies and Credit Unions Act 1982, the Insurance Companies’ Deposits Act 1953, and two technical changes to the Dumping and Countervailing Duties Act 1988.

As the explanatory note to the bill states: “Most of the amendments contained in the bill are based on suggestions from business law practitioners, enforcement agencies, and the business community.” One of the key aims of the bill is to reduce compliance costs resulting from administrative procedures. In this regard, the bill proposes to exempt
some overseas companies from some of the reporting requirements imposed on those companies registered under the Companies Act.

Another key aim of the bill is to improve the clarity of our existing commercial law statutes. The proposed changes to the Financial Reporting Act 1993 are aimed at generally improving the workability of the financial reporting system and reducing business compliance costs. In particular, the bill will remove excessive compliance requirements on some small companies and many overseas companies. As the Minister for Small Business, I am very pleased to see more compliance costs being reduced for small companies.

The bill will also improve enforcement by introducing an infringement notice system for company directors who fail to file their company’s financial statements with the Registrar of Companies by the due date. Overseas, it has been found that if directors themselves face the liability, the financial statements get filed.

It is important that the bill adds an exemption-making power to the Financial Reporting Act before international financial reporting standards come into force on 1 January 2007. The Accounting Standards Review Board will have the power to grant limited exemptions from specific requirements of the Act where compliance by overseas companies would be unduly onerous or burdensome.

In addition, the bill will make amendments to the Financial Reporting Act to deal with the problems of excessive filing requirements for subsidiaries of subsidiaries of overseas companies. The Financial Reporting Act currently requires financial statements for every individual company to be filed with the Registrar of Companies, when all that is required are the statements for the parent company and consolidated statements for the group of New Zealand companies. The bill amends this problem.

Changes are also proposed to the exempt companies regime. One change will be to increase the number of companies qualifying for the regime. Companies will have to meet a two out of three test, meaning that the vast majority of small companies will be able to produce financial statements in a simple format, therefore reducing compliance costs. Proposed changes to the Companies Act 1993 further improve enforcement by extending the management and director banning provisions to persons who have been banned in certain overseas jurisdictions. The exemption of some overseas companies from some of the filing requirements imposed on overseas companies registered under the Companies Act will further achieve a reduction in compliance costs. Both changes will improve the trans-Tasman business environment and promote single economic market objectives between New Zealand and Australia.

In a similar regard, the changes to the Insurance Companies’ Deposits Act 1953 will prohibit an entity incorporated in New Zealand, where that entity does not offer insurance in New Zealand, from using the word “insurance” or similar in its name, or holding out that it is a New Zealand insurer. It will also increase the penalty for non-compliance with the Act from $100 per day to $1,000 per day. This is to prevent entities from representing that they are supervised under New Zealand’s insurance regulatory regime when, in fact, they are not. This is necessary to prevent damage to New Zealand’s reputation internationally.

The bill further seeks to improve the efficiency of the Friendly Societies and Credit Unions Act 1982 and give credit unions more room to grow their business without introducing unmanageable risks to their members. In addition, the field of membership of a credit union will be broadened by extending membership to charities and incorporated societies affiliated with the common membership criteria of the union. The bill also gives credit unions and their associations more flexibility on administrative matters such as the ability to determine the minimum deposit holding of each member, and removing compliance costs when seeking to broaden their service base.
Changes to the Dumping and Countervailing Duties Act will allow the Minister of Commerce to specify the date from which new and reassessed rates of anti-dumping and countervailing or anti-subsidy duty will apply. The bill will also exclude the Christmas break period from the statutory time frame for the completion of dumping and subsidy investigations. This will bring the Act into line with other comparative New Zealand business statutes.

There are cumulative costs of complying with legislation, and difficulties in reconciling different legislative requirements. In aggregate, the amendments will reduce some of these costs to promote the efficient use of economic resources and enterprise and innovation in the economy. The benefits provided by the bill are tangible because the business sector, legal practitioners, and enforcement agencies have put them on our list of things that they believe need to be changed. The introduction of this bill shows that this Labour-led Government is prepared to invest in the incremental improvement of the legal environment for business. This bill is very good for business.

PANSY WONG (National): The National Party has agreed to support the Business Law Reform Bill in its first reading and in going to the select committee, on the ground that, as the Minister Lianne Dalziel has just reinforced, it is about technical amendments. But I am a bit disappointed that the Minister did not take the opportunity to clarify an issue that has just been brought to our attention.

The members of the New Zealand Captive Insurance Association are engaged in being what we commonly know as self-insurers—that is, within a group of companies they pool their premiums and invest as a more cost-effective way to manage their risk. I understood that the Minister was very supportive of that industry, which is a growing industry. They were told by a ministry official that the changes in this bill to the Insurance Companies’ Deposits Act 1953 would actually be interpreted as stopping any further non-New Zealand parent organisations from forming captives under the Act, and that existing non-New Zealand owned captives would be struck off the Companies Register, which seems to be a conflicting undertaking from the Minister and the officials.

I hope the Minister or officials will take a very early opportunity, at the briefing to the Commerce Committee, to put those doubts to bed, so that the industry does not think that quite a dramatic policy decision has been made. I have no idea whether that was actually what the Minister had in mind in stopping entities from using the words “insurance” or “assurance”; nonetheless, it demonstrates that after a few years in Parliament one gets a bit cynical and sceptical about the phrase that a bill is “only an omnibus bill”—that is, only for technical amendments—and that it will not cause drastic changes. I hope that, very early on, at the Commerce Committee consideration period, officials can clarify that for members, and I am sure the industry will be keen to make a submission on that part.

The other interesting issue I would like to raise is the changes to the Friendly Societies and Credit Unions Act 1982. National welcomes and supports those changes, but I learnt from that sector that the Hon Jim Anderton had promised those changes a few years back. Its members were expecting those changes a few years ago before the establishment of Kiwibank. Friendly societies and credit unions believed they were able to establish themselves ahead of Kiwibank and take advantage of expanding their businesses. So that is not exactly what I would call an omnibus bill being used to fast track the business community’s concerns or needs.

In talking about the priority of the Government in terms of how it addresses some of the more urgent issues, I hope the next speaker from Labour might enlighten us as to why the securities legislation that was reported back to the House last year and that has gone through its second reading, which National supported, is still sitting on the Order
Paper without any urgency being paid to it, because within the Securities Legislation Bill there is a provision for disclosure with regard to financial advisers. I want to take up that issue, because the Minister of Commerce has assured Commerce Committee members that she will address urgent requests from the business community. We learnt recently that there has been turmoil within the finance sector. Indeed, one of the finance companies, Prudential Financial, has gone into insolvency. It is alarming that after that finance company withdrew its prospectus, some financial advisers advised that an additional $9 million be invested in it. It is quite outrageous that financial advisers had no idea that a prospectus had been withdrawn, and, as a consequence, $9 million was invested after the company had pulled its prospectus. The Securities Legislation Bill would have provided for additional disclosure of the qualifications and history of those financial advisers.

So in talking about addressing some urgent issues, I tell members that I am surprised the Securities Legislation Bill is still sitting on the Order Paper. I am sure my colleague Brian Connell, when he takes a call, might give us an explanation as to why that particular bill did not receive urgent attention. I understand that in the bill there is a tightening-up of the definition of an insider trader. Such a definition would have covered the situation when the Hon David Cunliffe, when giving an interview to the Bloomberg News agency, commented on Telecom’s future dividend policy being on a reduced scale. That would have got him into trouble if the Securities Legislation Bill had been passed. I wonder whether that was part of the reason why the Government is holding back on the passage of that particular bill.

I also want to comment on the Minister’s statement that the Business Law Reform Bill is about the reduction of compliance costs to the business community. I will share with the public some of the statements made in this bill about the benefits of the changes. We are looking at statements about options to reduce Companies Office administration costs, for example, but the amount will not be able to be determined until some modelling has been done. The explanatory note of the bill states that option 6 will add to the Accounting Standards Review Board’s range of functions, but it is unlikely to be used often. Then there are general statements like: “There will be costs in administering the infringement notice system. However, that will be partially offset by the reduction in court enforcement.” There is also the general statement: “The business community is the major beneficiary of the proposed changes. Option 2 will reduce compliance costs …”.

I remember the Minister of Commerce coming before the Commerce Committee during the estimates session and assuring the committee that we could look forward to some very robust tightening of the compliance cost statement, and that members will be presented with a lot of details—that, in fact, it will be quantified; it will not consist of warm and fuzzy statements like those I have just shared with the public. So I think we are still light in the area of making sure that officials have indeed paid attention to ensuring that a robust cost and benefit analysis is being carried out. I cannot wait for the Minister to set up her so-called independent advisers attached to the select committee to help us scrutinise how robust those changes to the compliance cost statements are.

National will be supporting this legislation going to the select committee, but we had better have some good answers to the issues we have raised during this first reading.

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

Hon LIANNE DALZIEL (Minister of Commerce): I seek leave of the House that the motion at the end of the debate on this bill include the following words: “and that the committee have the authority to meet at any time while the House is sitting except during oral questions, and during any evening on a day on which there has been a sitting
of the House, and on a Friday in a week in which there has been a sitting of the House, despite Standing Orders 192 and 195(1)(b) and (c).”

Mr DEPUTY SPEAKER: Leave has been sought for that course to be followed. Is there any objection? There appears to be none.

MARYAN STREET (Labour): It is my pleasure to speak in support of the Business Law Reform Bill. I just want to take a brief call on it and make a couple of points. The first is that it is an omnibus bill, and although my experience in these matters is very slight, it seems to me it is a very suitable and efficient use of Parliament’s time to use mechanisms such as an omnibus bill to deal with a number of related amendments to a series of individual Acts. Clearly, under the Standing Orders the House is able to deal with all of these points at once, and it is sensible to move in that way, it seems to me, when the changes are all of a piece.

The Minister, in her first reading speech, mentioned five Acts that are involved in the application of this omnibus bill. I congratulate the Minister on being able to pull these amendments together in a bill like this rather than dealing with five separate pieces of legislation, which would take up an inordinate amount of time and one could wish they would be collapsed into one bill. So I think this is a very good move, and is a sensible and an efficient use of Parliament’s time. I hope that this House will move to practise this more often where it is relevant and useful to do so.

There is no doubt that business law needs to be reformed. We hear constantly about compliance costs from small businesses, which do comprise the majority of New Zealand’s businesses even though they do not employ the majority of New Zealand workers. This bill is this Labour-led Government’s response to some of the issues that we hear being raised by the business community, particularly around compliance costs. Other mechanisms are also being used at the moment to address issues of compliance, and to address other issues of reform in the business sector. The Minister has a number of activities under way at the moment that are well known to this House, but probably the one that is most pertinent to the current bill under discussion is the review of financial products and providers. I believe it is undergoing a substantial consultation process, and I look forward to the results of that process and to good, constructive measures emerging from it that will benefit business in New Zealand.

A number of the suggestions in this bill have come from business practitioners. Sometimes they have been from business law practitioners; sometimes they have been from enforcement agencies. But they have also been from the business community, and that is a testament to the Minister’s work in getting out and talking to businesses around New Zealand. We have been attentive to business needs and have been responsive to the concerns that businesses have raised.

The previous speaker, my colleague Pansy Wong, referred to some inherent cynicism that members of this House may have with regard to things that are called technical amendments. I look forward, as a member of the Commerce Committee, to scrutinising this bill and the submissions that come before the select committee, as this bill progresses. The select committee is the place where that scrutiny is to occur, and is the place to dispel any inherent or long-held cynicism about such things, so we look forward to doing that.

Amendments are also intended in this bill to clarify law statutes by removing conflicts within and between existing legislation, and this bill could, in fact, be renamed the “Compliance Cost Reduction and Increased Flexibility Bill.” It could be a constructive suggestion arising from the select committee that the bill be renamed to reflect the true purpose and the actual achievement of the bill: compliance cost reduction and flexibility.
We look forward as a Labour-led Government to implementing these amendments, for the sake of better business in New Zealand.

BRIAN CONNELL (National—Rakaia): Thank you, Mr Assistant Speaker, for the call on the Business Law Reform Bill 2006. I have to say that giving a speech after my esteemed colleague Pansy Wong has spoken is always a difficult experience, but I will do my humble best to bring some further clarity to what is otherwise fairly light legislation.

As we have heard, this is an omnibus bill that makes a number of changes to commercial legislation, suggested, we are told, by Government officials, lawyers, and business people. An omnibus bill is the preferred modus operandi by the current Minister of Commerce, but of all the changes that have been suggested by the Quality Regulation Taskforce that this Minister has put in play, not one of those recommendations has been captured by this legislation.

I make it clear that National does support this bill, and we do so for a number of reasons. The bill purports to reduce compliance costs, and, within reason, any bill that purports to do that will get serious consideration from the National Party, which is why we have said we will support it as far as select committee. It will boost law enforcement efforts, we are told, so we can tick that. It will protect New Zealand’s international commercial reputation—well, that is a big claim, so let me amend that by saying we believe that it might help. More important, it provides the National Party with the opportunity to discuss the broader issues of compliance costs.

Chris Auchinvole: The box tickers!

BRIAN CONNELL: The box tickers, as my colleague Mr Auchinvole tells the House.

The explanatory note states: “The Bill addresses business community concerns with business law legislation as identified by consultation.” But wait, there is more. We are told: “These are the cumulative costs of complying with legislation and the difficulties in reconciling different legislation requirements.” Well, we can all rest much easier now, knowing that we have a definition around compliance costs that tells us the costs are born from having too much legislation introduced into the House. I will come back to that point in a few minutes.

The bill actually tackles a very limited range of compliance costs, despite the claims by the Government. We are told that the Companies Act 1993 will be amended to create filing exemptions—and one can think the Minister must have had one of her colleagues in mind when she wrote that exemption.

Pansy Wong: Who?

BRIAN CONNELL: Well, I can leave it the House’s imagination, I am sure. We are also told that filing exemptions to some classes of companies also provides the option of electronic accounts for shareholders. Well, that is OK, but is that really a big deal when huge numbers of businesses in this country are being choked by compliance costs?

Let me pick up the issue that my colleague Pansy Wong was going to raise. In the past 2 years this Government has passed a whopping 312 new Acts and 875 new regulations. Labour proclaims that it is the party that is serious about reducing compliance costs. Yeah, right! We are told by Business New Zealand that in the last 7 long years 2,000 new Acts have been introduced by this Government, yet the Minister has the temerity to stand up in this House and say: “Trust us, we are reducing compliance costs.” Please forgive me for not being able to get the laughter out of my voice.

In 2005 the average firm in New Zealand shouldered compliance costs of $53,000. When my colleague Katherine Rich asked the Minister at question time today to explain the 17 percent increase from 2003, the Minister said the member had forgotten about
2004. The Minister did not attempt to answer the question, because she simply could not explain away a 17 percent increase in compliance costs over 2 years and still argue cogently that Labour is all about reducing compliance costs. For small firms—and that is five employees or fewer—compliance costs have rounded out roughly at $3,604 per employee. Those businesses simply cannot comply; it is not that they do not want to comply; they simply cannot afford to.

The compliance costs targeted by this bill are merely the tip of the iceberg. The bill does nothing to address the underlying problem of the amount of legislation this Government passes every day in an insidious way. Government members get up and talk about compliance reduction, but then they actually pass legislation that heaps more costs on to unsuspecting taxpayers. The problem is that the members of the Government have no business experience, so they cannot intellectualise the problem of compliance costs.

Chris Auchinvole: They don’t understand it.
BRIAN CONNELL: No, they do not. They can talk about it, but they simply do not understand it. If they want to reduce compliance costs, they simply have to stop doing things.

Chris Auchinvole: They’ve got to reduce compliance.
BRIAN CONNELL: As my colleague says, they actually have to reduce compliance.

Let me give the House an example; let me tell the story about my pieman. I went into a bakery in Ashburton about 2 weeks ago. I went up to the counter; I was buying a pie—quite unashamedly buying a pie, because there are great pies in the Ashburton bakery. The owner of the business served me, and I asked an innocuous question about how he was. Using language I cannot repeat here, because it is not particularly parliamentary, he said he was not happy. I asked why, as a concerned constituent MP would. He told me to come into his office and he would show me. So I went into his office and it actually looked quite pristine. He asked what I thought, and I said it looked clean. He said, yes, that was because he had just had the walls painted, and that just before I came in, the health inspector had walked in and threatened to close down his business, which includes the 42 employees who work there, because he did not have the 47 certificates on his wall because he was painting it. The owner asked me a very good question, which was what difference it made to the quality of my pie that he did not have the certificates on his wall. He asked whether it was not enough that he had them. But, no, it was not, because they were not on display.

Bob Clarkson: He should have painted over them.
BRIAN CONNELL: The suggestion is that he should have painted over them, then they would still have been on the wall. I thank Mr Clarkson for that very good idea, and I shall take that back to the bakery owner.

Let us have a look at the Quality Regulation Task force that the Minister is the champion of. None of the recommendations in the bill actually come from the latest Quality Regulation Taskforce review, so one has to ask what the purpose of the review was. I am struggling for an answer—I am not sure there was a purpose. But let us ask the question of what was wrong with all the other reviews that took place prior to the latest one—the first and second Small Business Advisory Group reports, the McLeod Tax Review, and the report on the Ministerial Panel on Business Compliance Costs, which I want to come back to. Why were some of those recommendations not included in this bill? What was wrong with all the countless other reviews and reports that have been done in the last 7 years? The problem with what the Minister of Commerce is suggesting is that the issues of tax, accident compensation, the Resource Management Act, and labour law are not included in this legislation. The Dunne report, which was
the report on the Ministerial Panel on Business Compliance Costs that was commissioned by this Government in 2000, stated that it recognised 162 compliance issues that needed urgent attention. Of those, 142 came under tax, accident compensation, the Resource Management Act, and labour law, yet the Minister of Commerce has not addressed any of those issues, at all. I have to ask why the Government is asking the same questions but expecting different answers. Members should think about that. Why keep asking the same questions but expecting different answers? It simply is not going to happen.

I conclude by saying that National will support this bill going to a select committee, but while compliance costs are being fiddled with like this, I doubt that it will get our support to go past the select committee stage.

R DOUG WOOLER TON (NZ First): New Zealand First is happy to support this bill. We are told by the Labour speakers that the bill is to simplify business transactions in New Zealand. We are told by the National Party that the Government has passed far too many regulations and Acts—I do not know how many laws Mr Connell was talking about. But there is one thing I have always noticed about regulation, and I noticed it again a couple of weeks ago after the Eden Park rugby game, when people in some quite select corporate boxes came down with the dreaded lurgy—in my language, they got the guts ache after eating oysters imported from Korea. Oh my goodness gracious me! All of the business people who are calling for regulation to go out to business—[Interruption] I am talking about regulations and Acts. All of these people who are opposed to regulation and import duties and who want free-trade barriers to open the whole world up were all calling for regulation. They were not only calling for regulation but they were calling for bans on oyster imports from Korea—and heaven only knows what. So it is different when it comes to other people.

Mr Bob Clarkson is looking at me from across the other side of the House—and a horrifying sight it is too. But I have to say that Mr Clarkson is a man who is reputed to know how to turn a dollar. I applaud him for that, I have to say. I know he is of a generous nature. I have not seen that myself, but they tell me it is true. He is one who is opposed to regulation. He is one who thinks that Government should get out of business. He is one who thinks that local bodies should not involve themselves in his business in any way. There should be no borders or restrictions to town development. We should be able to buy up greenfield sites and put houses on them. We should be able to do all those things, according to Mr Clarkson, and in many cases I agree with him. But I tell the House one thing: when it comes to selling an amenity for top dollar to a council or to the Government, Mr Clarkson is right there saying: “This is something that is needed for Tauranga. This is something that Tauranga must have. And I am the man to sell it to them.” Again we see an example of people who are intent on getting rid of regulation, decreasing the size of the Government, and getting the Government out of business, until it suits them.

New Zealand First supports this omnibus bill, which attempts to lower compliance costs. I am not so sure that it will, and sadly I will not be on the select committee, but I hope that it does. I hope it simplifies doing business. I see in the explanatory note of the bill that it does away with the need for reports to shareholders and that sort of thing to be in full colour brochures with many pages. They are able to be done by electronic means—or by letter, or pigeon, or something else; I am not sure. But I have wondered about the cost of those very fancy reports. We are getting them—and Mr Williamson will be upset about this—from what used to be called State-owned enterprises and are now called Government agencies. We are getting pictures of the chief executives in various positions—swinging on a swing, walking through a forest, picking up leaves, and those sorts of things—and we are seeing pictures of their families, which of course
has nothing to do with the business at hand. It is a practice that I deplore and New Zealand First deplores, because it is wasteful self-aggrandisement. So we welcome the fact that at least the bill allows shareholders to get those reports by email.

Hon Maurice Williamson: What’s that got to do with Korean oysters?

R DOUG WOOLERTON: It is all about regulation and people wanting regulation as soon as they get the guts ache but not wanting it when they get better again. That is what the Korean oysters issue was all about.

So with those inspiring few words to the select committee, I will resume my seat.

NANDOR TANCZOS (Green): I intend to take only a very short call, simply to indicate that the Green Party is supporting the bill to the select committee, and to draw attention to a couple of things we have an interest in and support. As a general comment, I think the bill is useful. Perhaps it does not go as far as some members would like, but it does make at least some attempt to reduce some of the unnecessary compliance costs for business. That is always a useful thing to do. I draw attention to Part 4, “Friendly Societies and Credit Unions Act 1982”. It makes some fairly modest changes, but useful changes, that will be of benefit to credit unions and friendly societies. That is good, because those organisations have played quite an important part in the economic life of our communities.

Part 4 amends various sections to enable charitable entities and incorporated societies to be members of credit unions, and that seems to be a sensible thing. It talks about removing the current requirement for the registrar to be satisfied that a credit union has a common bond, and replaces it with an objective test requiring that the credit unions’ rules specify a common bond. That is good, because there has to be objectivity. In particular, in terms of winding-up provisions, it is important that those things can be measured objectively rather than depending on the subjective test of the registrar of the day.

It provides that members need have no more than $10 in paid-up shares, although a credit union’s rules may allow for a minimum deposit of more or less than $10. That introduces some flexibility and is helpful. It is a modest change but will probably be welcomed by those organisations.

I draw attention to some changes made to the Companies Act, which were referred to by Mr Woolerton, and perhaps some other members as well. New section 209 in clause 8 changes the reporting requirements, particularly in relation to shareholders. It provides that the board of a company may, instead of sending a full annual report, send a notice that contains a statement that the shareholders have a right to request, free of charge, a copy of the annual report; that they may receive it by electronic means; and that they may receive a statement as to whether the board has prepared a concise annual report.

Those of us who have been involved in business will know that not all shareholders are interested in reading the full annual report. They just want a bit of a summary to get a sense of how things are going. To me it is quite sensible that it should be available in that way—and providing it electronically is simply catching up with the times. And of course the Greens support that change because of the potential for waste minimisation; that is an obvious added benefit.

New section 211A in clause 10 provides that the obligations to prepare and make available annual reports and financial statements do not apply in relation to non-active companies under new section 10A of the Financial Reporting Act 1993. I have been involved in companies that have been temporarily inactive, and to not have to prepare those reports seems again to be quite sensible. It is obviously a good thing to reduce some of that unnecessary burden where there is no real benefit.

Clause 6 amends section 151(2) in respect of qualifications of directors. It disqualifies a person who is prohibited from being a director or a promoter, or taking
part in the management of an overseas company under an order made, or a notice given, under a law of a prescribed overseas jurisdiction. It simply means that someone who is disqualified under a law of a prescribed overseas jurisdiction should be disqualified in New Zealand. Obviously that makes good sense. I cannot see that anyone would have any issue with that. If we compare it with clause 15 we see that the court can disqualify a person if the person has been prohibited in an overseas jurisdiction from carrying on activities that the court is satisfied are substantially similar to being a director or promoter of, or being concerned or taking part in the management of, a body corporate. I think that creating some synergy between New Zealand and overseas jurisdictions in those regards makes good sense. Without those kinds of provisions it seems clear that it is open to abuse, so that seems to be quite a sensible measure.

As I said at the beginning, the bill is a fairly modest attempt to reduce compliance costs but I think it does that. I think it is useful, and the Greens will be supporting it.

Dr PITA SHARPLES (Co-Leader—Māori Party): It is a long trip from Taupō to Dubai, but for Tūwharetoa fashion designer Peter Loughlin, it is a trip he makes regularly in his determination to connect with home. Peter was honoured as Outstanding Māori Business Leader for 2005 by the University of Auckland business school. Peter dresses some of the world’s most influential and wealthy women through his House of Arushi. That fashion house is known for exclusive jewel-encrusted and fine-beaded dresses. It is considered to be one of the Gulf region’s most prestigious labels. Clientele include the royal families of Kuwait, Qatar, Saudi Arabia, and Oman, who are all happy to purchase a House of Arushi design for—if they are lucky—$200,000. Every year, through Peter’s foundation scholarships, a young Māori designer is supported to travel to Dubai and work alongside Peter, gaining experience with materials and techniques rarely used at home.

Such is the nature of Māori business. The splendour of indigenous leadership, entrepreneurship, and innovation encapsulated in Māori enterprise has captured the world, while back at home Māori business has become so mainstream that it is now offered as a major for the BCA degree at Victoria University. Māori business success has earned us an international reputation as entrepreneurs. A status of excellence has been acquired through the fruits of diligence, perseverance, and preparation.

The Māori Party draws on that success in considering the proposals in the Business Law Reform Bill to reduce compliance costs, particularly for small businesses, without risking a business’s stability and potential for success. The key overriding factor in the bill is that the operation of business can be clear, efficient, and effective. How could we argue with that? The Māori Party is proud to celebrate Māori business as a major contributor to the New Zealand economy, but we know that for far too many Māori enterprises, a dream run is short-lived. Sadly, the correlation of Māori business with longevity is not well established. We must do all we can to deliver on expectations and aspirations to create a climate of success—not a climate that is submerged under the flood of too many great ideas without the structure of a framework to pin them on, but a climate in which we can actively manage our inspiration.

The bill before the House today forms part of that climate of success. It is part of an incremental approach to improving existing business law, by making small, high-priority changes to reduce some of the costs of complying with legislation. The proposals in the bill demonstrate the importance of planning in order to create a culture of expectation whereby nothing but success will suffice. The strength of Māori businesses must be incorporated throughout the proposals to ensure that the downstream effects of the legislation are experienced by all.

The Māori Party has raised the profile of Māori entrepreneurship many times before in this House. We have shared the results of the Global Entrepreneurship Monitor,
which confirmed that Māori are the third most entrepreneurial people in the world and that about one in three Māori in the 35 to 44 years age range are business entrepreneurs. But the great sticking point has been that although Māori are great starters-up of business, only 37 percent of Māori entrepreneurial start-ups survive for 3½ years, compared with 62 percent in the general population. In February this year we put on public record our questions to the Government as to why these world-class entrepreneurs are lacking the sustainable support to make the risks worthwhile. We asked why the Government was seduced by big-talking big spenders with big budgets from offshore and neglecting our own indigenous entrepreneurs. So in this respect we welcome the initiatives presented in this bill to increase investment in coaching, mentoring, and networking projects in order to promote entrepreneurship.

Such initiatives as that taken by Peter Loughlin in setting up his Arohanui Victoria Memorial Trust, so as to spread his success with Māori designers from home, enhance our capacity to extend manaakitanga through the sharing of wealth, knowledge, and resources. Indeed, the Māori Party is pleased to endorse information sharing as the central aspect of this bill, both to reduce business costs and administrative workload and for business security reasons. The Māori Party has always argued for the reduction of business compliance costs, particularly for small businesses, while at the same time wanted to ensure that there remain adequate frameworks for those businesses’ continued stability and success. We strongly support the proposals to amend the Financial Reporting Act by removing unnecessary or excessive preparation audit and filing requirements.

The move to standardise financial reporting with international standards will also have spin-off benefits for international companies doing business in Aotearoa. Such changes move toward easier, smoother, and lower-cost operations. We are hopeful that such changes will support the development of indigenous vanguard companies, a concept that business analyst Rod Oram raised at the recent Hui Taumata in terms of the originality born out of Māori roots that is nurtured through astute management and smart strategies for international markets. The House knows of the spiralling global interest in authentic indigenous experiences and products. The Māori Art Meets America event held in San Francisco last August was a classic example, when the arrival at the Golden Gate bridge of the ceremonial waka at the coming of dawn inspired the interest of up to 9 million people, who were then a potential client group to watch Māori artists in tā moko and weaving at work.

Other Māori businesses, such as Tohu Wines and Cultureflow, have successfully capitalised on their indigenous edge, drawing on unique Māori concepts and culture, as defined by Māori, to achieve a top-quality business reputation at home and overseas. The proposed amendments to the Companies Act outlined in this bill will, we hope, protect the quality of that reputation through also insisting on applying rigorous quality standards to any offshore investors. We welcome the fact that directors currently banned in Australia will now be unable to direct New Zealand companies. Similarly, we commend the move towards information sharing, which will mean that overseas-registered companies do not have to repeat file with the New Zealand registrar if they have already filed similar information elsewhere.

Finally, I will make some comments about the proposed changes to the Friendly Societies and Credit Unions Act that will enable credit unions a greater ability to grow their business without introducing unmanageable risks. Credit unions and building societies were created in low socio-economic or rural areas, where their members were either socially or economically excluded from banking activities. Credit unions have a proud history amongst our people for helping to spearhead Māori businesses when other support was hard to find. Indeed, the Māori Party contends that friendly societies and
credit unions grew out of the expression of local rangatiratanga. The Ngā Hau e Whā Credit Union in Pukekohe is believed to have been the first Māori credit union. The union, established in 1962, offered low-interest loans and taught budgeting, assisting Māori in ways that other lending institutions were unable to do. The initiative quickly spread to my own tribe, Ngāti Kahungunu. Wīremu Te Tau Huata established He Toa Takitini Credit Union. In Kawerau and Bay of Plenty, Mōnita Eru Delamere promoted credit unions as embracing the philosophy of pooling resources and sharing with others, which has always been the trademark of Māori business. Our success has derived from the skills and expertise we have acquired in whānau collaboration and networking. These initiatives are still with us today. Indeed, just outside Ōpōtiki, the innovative enterprise of Ngāi Tai iwi in establishing the Tōrere bank has provided a solid financial infrastructure to strengthen subsequent projects.

The Māori Party sees the proposal for a common bond envisaged in this bill as building on the legacy of community self-sufficiency as led by tangata whenua activities. The potential development of new community relationships through new memberships could lead to new types of business relationships and collaborations that are the hallmark of our own Māori Party business development and community development policies. As a total package, the Māori Party welcomes the initiatives proposed in the Business Law Reform Bill, and we will look forward to the select committee deliberations to learn of even more models of indigenous enterprise and entrepreneurship that can help lead this nation forward and make “Made in Aotearoa” a prestige label across all markets.

GORDON COPELAND (United Future): It is really quite a pleasure to follow in the House tonight Dr Pita Sharples of the Māori Party, who has just made a very worthwhile contribution to this debate on the Business Law Reform Bill. I want to take this opportunity to compliment Dr Sharples on the tremendous leadership he has recently displayed over the Kāhui twins disaster. I have not had a chance to pass these remarks on to him yet, so I want to sincerely compliment him on the leadership he has shown in that regard.

I also think it is quite exciting to think of the statistic of Māori being the third most entrepreneurial people on this planet. That is a tremendous sign of hope not only for Māori themselves but also for New Zealand society, because of course Māori will make up an increasing proportion of our society as the years go by, and our success as a nation will therefore increasingly depend on Māori themselves being successful. I wish them all the very best in that regard.

I say to Dr Sharples that one United Future policy may interest his party, and I suggest he might join us in promoting it. We have a policy of a tax holiday for new business start-ups. Dr Sharples mentioned the statistic for the number of Māori who start businesses and the number who do not quite make the grade. Analysis shows that one of the reasons for that is that a lot of businesses fall over in their second year. The reason they fall over is that in their first year they pay no tax—they do not have to—and in the second year they have to pay provisional tax for the first year plus tax for the second year. It is that combined—

Hon Member: Terminal.

GORDON COPELAND: That is right—terminal tax plus provisional tax. That combination of two tax bills in the second year means that a lot of small businesses run out of cash and go under. So we have a policy response that says we will give such businesses a conditional tax holiday for the first 2 years of their existence. I think the House should look at that—and, indeed, the Government should look at that if it wants to give a spurt to new business start-ups. When I say “conditional” I mean that the businesses will still have to file a tax return and—
Hon Maurice Williamson: Which part of the bill is the member speaking to?
GORDON COPELAND: I am speaking to business law reform in general at this point, and I think that that is a very important part of it.
Hon Maurice Williamson: That’s in general—which part of the bill?
GORDON COPELAND: I see that the member’s colleague Pansy Wong is making agreeable noises. If there is a bit of cross-party support for such an initiative then maybe we should have a member’s bill and bring it to the House for debate.

I just wanted to say those things about Māori business start-ups because I think it is important that they succeed. I want to mention also that since I entered Parliament in 2002 I have been something of a champion of friendly societies and credit unions. Representatives of those institutions have been to see me on a number of occasions, and I have been very well aware of the fact that they have been working with the Government for some years now to see the changes made that this bill is at last actioning. I believe that friendly societies and credit unions have a very important role to play in relation to New Zealand business activity. Most of the time we think of them as a way in which people who cannot afford to buy their own house or borrow money actually get a chance to start buying their first house—and that itself is a very good outcome.

It is important, I think, to broaden the scope of those institutions, modernise their rules, and allow them more flexibility in terms of membership, because I believe that many New Zealanders will find belonging to a credit union very useful. It is a very good way of getting money for a new home or, in fact, to start up a business. So I think credit unions and friendly societies have an important role to play, and I welcome the changes this bill makes in that regard.

I also welcome the changes to the Financial Reporting Act 1993 and the Companies Act 1993 in terms of reducing compliance costs for companies. The survey of OECD nations already says that New Zealand is the easiest place on the globe—at least among OECD nations; I do not know about Third World countries—to start a company. To get a company going is a very positive thing. One of the defects noted was that businesses had to wait so long for their GST number, but I understand that that has now been addressed by the Inland Revenue Department.

I think that that is important because, unless I am wrong, it is possible that when we have the business tax review—which I know will be announced to New Zealanders through a discussion document in the very near future—we may see a bit of a rush to incorporate as companies. A lot of New Zealand businesses run at the moment as sole proprietorships. If we lower the company tax rate then they will have an incentive to incorporate as companies in order, basically, to defer taxation. I think that that will be a very good thing, because such businesses will have a direct incentive to reinvest profits in the business, and the reinvestment of profits back into the business is, believe you me, a critical success factor in having a small business grow into a medium-sized business and a medium-sized business grow into a larger business that can get involved in exports. It is very difficult for a small business to take on the world; one needs some critical mass to do that. So I think that those changes will be very good and that we should make it very easy indeed for businesses to incorporate as companies.

With those few remarks I am pleased to signal United Future’s support for the bill. As members all know, omnibus bills come into the House with a consensus across parties. That does not mean to say that they are not important. The matters this bill involves are certainly important to the New Zealand business community, and United Future welcomes their introduction to the House.

CHRIS AUCHINVOLE (National): Thank you, Mr Speaker. National is supporting the introduction of this bill, this omnibus bill, which makes a number of
changes to commercial legislation suggested by Government officials, lawyers, and some business people, as we are told in the foreword. I have, as a member of the Commerce Committee, already had an opportunity to listen to Minister Dalziel speak of the bill’s intentions. I have had the opportunity to discuss the matter with my National Party colleagues and mentors—experienced people, and people especially experienced in business matters. We have decided to support this bill on the basis that it will reduce some compliance costs, boost law enforcement efforts, and protect New Zealand’s name. I am rapt at the revelation just given—but alas, the previous speaker has gone—by United Future that it now wishes to involve itself in some of the finer aspects of National’s tax reductions. We look forward to seeing that member at the Commerce Committee and getting from him a bit more detail. Having said that, one then has to say that so much still remains to be done in this field of reducing compliance.

Bob Clarkson: So little time!

CHRIS AUCHINVOLE: So little time—but, oh my goodness, how fed up to the back teeth small business is of living with Labour’s lust for regulation! It is relentless. Labour lusts after the chance to impose regulation. It cannot wait for a chance to do so. Sadly, it is apparent that Labour members have only a surface appreciation amongst them of what really constitutes day-to-day activities at small-business level. Members of the present Government seem to think that business owners and operators actually enjoy dealing with regulations. To those guys, I say sorry—they have got it very wrong.

Hon Member: They’ve lost the plot.

CHRIS AUCHINVOLE: They never knew the plot, because they have never been in business, just as those on that side of the House get so many other things wrong.

Last Friday I attended two meetings in Nelson related to Motueka and the top end of the West Coast - Tasman electorate.

Brian Connell: Oh, stop name-dropping!

CHRIS AUCHINVOLE: Well, I have to mention it.

Tim Groser: Did you meet a pieman?

CHRIS AUCHINVOLE: I did not meet a pieman, but brought to my attention was the need for small businesses to meet the often pettifogging, puerile, and pathetic requirements of the sort of bureaucracy this Labour Government revels in. One small-business owner in particular, who approached me personally, was torn between being totally distressed by how much of her time was required in meeting endless obligations, and being reduced to a fury by some of the disembodied communication that attended those requirements. She said that some of the letters she got added insult to injury.

Tim Groser: What was she insulted with?

CHRIS AUCHINVOLE: I will come to “consulted with” later, because that is a wonderful phrase the Hon Jim Anderton uses—to death. “The industry was consulted”—but we will come to that.

Tim Groser: Insulted.

CHRIS AUCHINVOLE: I see—insulted. But “consulted” is what the Government keeps saying. Let me give an example. A small-business operator, who writes to me frequently to keep me up to date with what is happening in the small business world, wrote to me to say that he had “registered an RMP with the NZFSA.” For those who may not be quite familiar with that, an RMP is a risk management programme. It is something whereby members on that side of the House make sure that a school, etc. having a barbie, offering sausages, etc., has a programme to manage risk, or the organisation is not allowed to do the activities.

Pansy Wong: A mission statement.

CHRIS AUCHINVOLE: That is an earlier piece. But then, after filling in the form and registering the risk management programme with the New Zealand Food Safety
Authority, my correspondent was charged a further $80—wait for it—as he had omitted to include on the form the fact that he was the plant manager. The authority wrote to ask who the plant manager was. But his is a one-man business. He wrote back to say that he was the plant manager and—bang—$80 was charged to add that information to his application. Being a one-man operation, of course he was the plant manager as well as everything else, but we have a Government that does not really have too much sympathy for small business.

I hear regularly from bee-keepers. They are not happy people, either.

Brian Connell: What’s the buzz?

CHRIS AUICHINVOLE: They are not happy with the lack of action in the biosecurity field, but they are also a heavily legislated group. Honey has been found in the pyramids, and found to be quite edible. But more and more bee-keepers have to have risk management programmes to conserve the quality of their pure honey. The Ministry of Agriculture has started to add all sorts of costs. The Hon Jim Anderton wrote to bee-keepers, saying that a levy on bees being exported would be imposed in 2003 after—and here is the kicker—consultation with the bee-keeping industry. Apparently when my correspondent checked with those in the bee-keeping industry who had been consulted, he found they were all against it. They were consulted, they said they were against it, but the levy was imposed.

Bob Clarkson: And then they were insulted.

CHRIS AUICHINVOLE: And then they were insulted; Bob is quite right. So much for the value of the words “in consultation with”. Another of the limp legacies from Labour is not just over-regulation; its worst crime, I think, is to have rendered previously meaningful words meaningless. Consultation without mitigation is less than a waste of time; it is insulting. The Government slaps small-business owners in the face frequently, in that sort of way.

Brian Connell: But they’re reducing compliance costs.

CHRIS AUICHINVOLE: Indeed, they say they are reducing compliance costs. Does this bill do that? I do not know. There are so many compliance costs. Antique dealers are already required to be licensed, in association with the sale of second-hand goods. That is sensible and fair enough. We do not want them to be an avenue for stolen goods. But now I understand, and I was told the other day, that they have to register their employees. It is an expensive exercise. One business owner queried the need for his wife to be registered, as she only ever dropped into the shop to give him a short lunch break a couple of times a week. But, no, there are no exceptions under this Draconian Government, and she has to be registered as well.

The trick though is to set up all these regulations, find they do not work—because regulations do not work; regulations beget regulations—and then tell small businesses that they should come up with, wait for it, the identified problems and also the solutions. Let me quote the Minister for Small Business, Lianne Dalziel, when she addressed the select committee. She said that small businesses are invited to identify the problems and to propose the solutions. The difficulty with that approach is that again this Government is placing itself in a remote position, distancing itself from the realities of what it clearly regards as a humdrum existence for business owners, whom they obviously think have little to do other than to offer solutions for the Government’s mistakes.

It would be easy to detail a huge list of seemingly small issues that I have no doubt the present Minister would dismiss as insignificant, as did the previous three Ministers for Small Business. They were on a lottery. Whoever got the job lost it, and it was given to someone else.

Brian Connell: They were dismissed, as well.
CHRIS AUCHINVOLVE: They were dismissed, as well. However, seemingly small issues accumulate to become predatory activities, consuming the wealth-creating time of small and medium-business owners.

This bill is a tiny step forward so we commend it, but it does not address the big issues of regulatory burden like the Resource Management Act, the tax laws, and the employment law. We have to wonder what it will take to make the present Government realise that clinging closely to ideological claptrap simply to placate unions will not work for business. Business works successfully with risk but it cannot work with uncertainty, and that is all this Government provides for small business.


Hon Maurice Williamson: What did he say?

LINDSAY TISCH: He said that a Government’s role is as an umpire, not a participant. It was Adam Smith, in 1776, who said: “Experience shows that once government undertakes an activity, it is seldom terminated.” What this Government has been doing for a number of years is increasing compliance regimes for businesses. We have heard some figures—how the compliance cost figure has gone from $46,000 to $53,000. But if we go back even a year earlier, the figure then was $26,000. We are seeing a Government that by promulgating regulations for its own means, is using regulations to be able to stifle initiative, stifle business growth, and put huge compliance costs—or regulatory creep, as it has been referred to—on to business.

Although this legislation goes a little way in the right direction—a very little way—it does not really address some of the problem areas or the issues and challenges that business face, which have been identified through numerous reports. I have here the Small Business Advisory Group’s reports, one and two; the McLeod Tax Review report; and the report of the Ministerial Panel on Business Compliance Costs; and of course there have been numerous other compliance cost reports. This bill does not address areas of taxation such as accident compensation, the Resource Management Act, or labour law. If we are to be serious about taking compliance costs out of businesses—it does not really matter whether they be small businesses or big businesses—at the end of the day we have to be far more proactive and have policies in place that will be able to achieve that.

We do not get rid of regulation or paperwork by passing more laws. This is what this Government has a tendency to do. It passes laws as symbolic gestures of public action rather than find practical solutions to the real problems we are facing. The Government commonly acknowledges there are problems but in fact makes only minor adjustments, which are not sufficient.

I took it upon myself a couple of years ago to travel to Canada. Ontario has had huge compliance cost issues, and it developed a regime called the Red Tape Commission. I was fortunate to spend time with the commission when it looked very closely at legislation. The commission was able to take much of the compliance out of legislation, and of course reduce costs to business. In New Zealand regulations are promulgated by the various Government departments or the State sector, and there is no accountability, but in Ontario any regulation must go through what are known as gateways, where there has to be a cost-benefit ratio analysis. There must have been some advantage in introducing that legislation because, if there were not, why would one have done it? But this Government is commonly just adding more regulation to try to solve problems. If we want enterprise to grow, we must be far more proactive than we are.

I spent time in Australia with the Australian Productivity Commission.

Hon Maurice Williamson: This man has been everywhere.
LINDSAY TISCH: I have also been to Germany and studied Agenda 2010, which again is a significant initiative on compliance costs.

Paula Bennett: I’ve been to Matamata.

LINDSAY TISCH: Well, Matamata has the best restaurant in New Zealand—Workman’s Cafe Bar. I have a notice of motion about it on today’s Order Paper—

Hon Maurice Williamson: You’re becoming the Ross Robertson of the National Party.

LINDSAY TISCH: This is a serious topic. If we are to pass regulations, we should get them right the first time. Although this bill tonight is a move in the right direction, it certainly does not go far enough. We need a drive to maximise opportunities. We want to make sure that the regulating culture within New Zealand is removed and that there is an incentive for public servants and bureaucrats to reduce regulations rather than to produce more, when trying to solve small problems.

I said that I would speak briefly on this matter, because I know what Henry VIII said to his many wives: “I won’t keep you long.” So in bringing this matter together, to crystallise and articulate this very important subject, I tell the House that National will support the first reading of this bill. We want to reverse regulatory creep, and to ensure that significant incentives are in place to reduce it. Although this bill is a start, unfortunately in our view it does not go anywhere near far enough to make a significant impact on those thousands and thousands of businesses that are the lifeblood of the New Zealand economy. We will be looking very closely at the select committee deliberation to see whether there are opportunities for us to add some value and reduce the real problem of regulatory creep and compliance costs.

Bill read a first time.

Hon DAVID BENSON-POPE (Minister for Social Development and Employment) on behalf of the Minister of Commerce: I move, That the Business Law Reform Bill be referred to the Commerce Committee for consideration, that the committee report the bill by 19 October 2006, and that the committee have the authority to meet at any time while the House is sitting, except during oral questions, during any evening on a day on which there has been a sitting of the House, and on a Friday in a week in which there has been a sitting of the House, despite Standing Orders 192 and 195(1)(b) and (c).

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

Ayes 73

New Zealand Labour 50; New Zealand First 7; Green Party 6; Māori Party 4; United Future 3; ACT New Zealand 2; Progressive 1.

Noes 48

New Zealand National 48.

Motion agreed to.

JUSTICES OF THE PEACE AMENDMENT BILL
First Reading

Debate resumed from 29 June.

Dr PITA SHARPLES (Co-Leader—Māori Party): I will speak for the 7 minutes that Te Ururoa Flavell had remaining.

Mr DEPUTY SPEAKER: The member is welcome to have a new call.

RON MARK (NZ First): I raise a point of order, Mr Speaker. Can you just explain to the House, so that we are clear, that if the Māori Party takes a second call, which this shall
be adjudged to be, does that impact adversely on other parties that have not yet had a
call?

Mr DEPUTY SPEAKER: Of course it will, unless leave is sought.

RON MARK: Through you, Mr Deputy Speaker, would it be timely for me to
suggest to the Māori Party that it seeks leave to continue Te Ururoa Flavell’s speech,
using that time?

Mr DEPUTY SPEAKER: No, Te Ururoa Flavell has already spoken. That is a
speech. We have 12 speakers on this one. I have asked for a member to call. It may
upset the proportionality if everyone takes their call and Dr Sharples has already had a
go. Who wants the call?

Dr PITA SHARPLES (Co-Leader—Māori Party): I seek leave to take a 6-minute
call on this bill.

Mr DEPUTY SPEAKER: This is in addition to the 12 speakers. Leave has been
sought for that course to be followed. Is there any objection? There is.

RON MARK (NZ First): I will take a line from Lindsay Tisch’s quote from Henry
VIII and assure members that I will not keep them long.

I rise on behalf of New Zealand First to indicate that we will support this bill. I
know, from all the discussions that have been had around the House amongst all parties
on this Justices of the Peace Amendment Bill, that there is unanimity on it and
everybody is looking forward to progressing it.

One of the things I found a little challenging when I became a fresh new MP was the
number of people who came to my office asking—

Christopher Finlayson: A long time ago!

RON MARK: A little while ago. I still consider myself to be a new MP, actually. I
was often approached by people who wanted to become justices of the peace. I have
often found myself in the situation of trying to determine whether people wanted to be
justices of the peace because they wanted to do good in the community, or because they
simply liked the idea of having the initials JP after their name. It also became apparent
when I had discussions with other members of Parliament who had been here longer
than me and who had wrestled with this problem, that not only was it a question of who
should be nominated, the number, their age, and their suitability in terms of their
background that gave MPs some angst when they deliberated on these questions. The
other question was how we encourage justices of the peace to leave the job when their
time is clearly done. I guess, to be fair, that is a question that is often asked of MPs in
this House: is it not time one considered another career; is it possible one has
contributed all one can in this House and is it time for fresh, young blood to come
through? I see that within the National Party there is now a whole line up of fresh,
young, highly qualified blood. We will probably see a moving of the old guard very,
very soon as they seek to adjust themselves from the back cross-benches forward into
the front two rows. Maybe Mr Carter will go back to farming and Tony Ryall will find
solace in his new relationships in life and find life more comfortable in another part of
the world—I do not know. But renewal and rejuvenation is a question we all face,
whether here or in our professions outside of Parliament, and that, too, is a question
asked amongst those who serve the community as justices of the peace.

I think the proposal in the bill that people who complete their term as a justice of the
peace, who step down and assume the position of a retired JP, be allowed to keep that
title is a very good proposal. It is an enlightened proposal that lends some dignity to
those people in terms of the service they have given to the community. It recognises that
service, allowing them to move out of the field and allowing new people to come
through.
I refer now to the matter of training. I think we have all sat in Christchurch—I think I have seen David Carter there, I have definitely seen Ruth Dyson there, and I have seen Lianne Dalziel and Gerry Brownlee there—and had discussions with justices of the peace on numerous occasions. They have often expressed their desire to see formalised training put in place and have expressed concerns that the issues they deal with nowadays are far more complex than those they were asked to deal with when they first took up their appointments some 20 to 25 years earlier. The final recognition that training needs to be formalised and that a formalised career path needs to be established is, I think, something that needs to be discussed and dealt with in the select committee. A number of members from across the parties were talking about this bill only today, and it was pretty well agreed that we saw nothing controversial in it. We saw agreement right across the floor, and there was general agreement that we need to progress the bill as quickly as possible through the select committee and back to the House. We need to get it enacted and get the work completed. That said, I thank you.

NANDOR TANCZOS (Green): Like the previous speaker, I am rising to outline my support for the Justices of the Peace Amendment Bill. I think it is a good bill and that it does some things that are well overdue, as Mr Mark indicated.

First of all, it requires all newly appointed justices of the peace to undertake training before taking the oath, and that is important. Secondly, it introduces a new disciplinary regime to enable a justice of the peace to be removed or suspended from office on serious grounds. It also provides for disciplinary action, other than removal or suspension, to be taken against justices of the peace. That is appropriate, because for some behavioural issues some kind of action is needed other than removing a justice of the peace from office. Thirdly, the bill enables justices of the peace who have served the community but who wish to withdraw their services and retire to use the designation “JP (retired)”.

Moving to some of the specifics of that, the section that empowers the Governor-General, on the recommendation of the Minister, to remove a justice of the peace from office, gives the criteria that the person is unable to perform his or her functions, has neglected his or her duties, has been convicted of an offence punishable by imprisonment, has become bankrupt, or has failed to comply with a requirement under section 5D(1) in clause 5. But it states that the Minister must not recommend the removal unless the Chief District Court Judge has been consulted and has recommended the removal or suspension. That is quite a strong safeguard, I think. It assures JPs that those powers will not be misused, and I think that is appropriate.

The Governor-General may also direct the Minister to give the justice of the peace an official written rebuke, or to require the justice of the peace to apologise to a particular person or people for behaviour, to undertake training in an aspect of the performance of his or her functions, or to receive counselling where disciplinary action is to be taken but where the behaviour does not warrant suspension or removal. As I said, it is good that those lesser sanctions are available. Again, the Governor-General acts only on the recommendation of the Minister, and the Minister has to believe that the justice of the peace has behaved in a way that is inappropriate, undesirable, or otherwise, in relation to the exercise or performance of his or her judicial powers or functions. So it does not have that necessary sign-off by the Chief District Court Judge.

I understand why it is necessary to apply this provision so that it relates to behaviour other than in relation to the exercise or performance of judicial powers or functions. The provision is similar to what we have for judges, of course. But it does leave me wondering, because one issue that is still to be resolved is the accountability in relation to behaviour by justices of the peace that is undesirable but relates to the exercise of their powers or functions. Let me say really clearly that I think justices of the peace by
and large do a very good job; I think they play a very important role in the community and in the justice system. I know many JPs, and I think they all deserve the thanks of both the House and the country for the very significant work they do. But I am also aware of some justices of the peace—and I think they are a minority—who essentially are nothing more than a rubber stamp for the police when it comes to things like the issuing of search warrants.

It is partly the fault of the law that it allows hearsay to be the basis of a search warrant. There is generally no possibility for people who have had such a warrant being used against them to really examine or challenge the grounds under which the warrant was made. Of course, this bill in no way addresses that, and I really do wonder how we can hold JPs to account in those circumstances, because we see essentially the police having what is almost like a pet JP to whom they go to get a search warrant when they want to execute one. They will get it very quickly and on the basis of, I think, inadequate evidence—and I have seen that happen. So I think that is an issue, but this bill clearly will not address it.

That is one of the issues the House has to turn its mind to, and it is one of the reasons I think the Health Committee actually requested the Justice and Electoral Committee to hold an inquiry into the use of search powers by the police. It is an area that has very little oversight. Section 3B, inserted by clause 4, does not address that, but it does require newly appointed justices of the peace to undertake training provided by the Secretary for Justice before they take their oaths—and I am aware that justices of the peace who exercise those kinds of judicial functions already have to do training. I think it is good that justices of the peace across the board have access to better training. Their own request for that was highlighted by Ron Mark, who spoke previously in the debate. I think that the judicial functions that are being exercised have become more complex, as well. Of course, it raises some issues in relation to the Criminal Procedure Bill and what the House intends to do in relation to deposition hearings, where justices of the peace play a significant part.

The last thing I will touch on is just to repeat that section 3C in clause 4 empowers the Secretary for Justice to authorise retired justices of the peace who have served for 10 years or more to use the designation “JP (retired)”. They have to apply to the Secretary for Justice for the authority, and the secretary must give that authority unless satisfied that before retiring and without reasonable excuse the justice of the peace abandoned or failed to perform the functions of the office, retired while suspended, or retired in order to avoid being removed, suspended, or otherwise disciplined. I think those are obvious safeguards.

So by and large, I think the Justices of the Peace Amendment Bill deserves the support of the House. It brings in some things that—as has been said—JPs themselves have been asking for that will help to improve the way JPs function across the board, even though it may leave untouched some things that this House, I think, needs to address.

Hon PETER DUNNE (Leader—United Future): I want to speak in favour of the Justices of the Peace Amendment Bill from a couple of points of view. Firstly, I speak as someone who over a reasonable period of time in this House has nominated a number of people to be justices of the peace, and who has seen some extraordinary stories presented as to why someone should be appointed. Secondly, I speak as someone who has actually had the privilege, as a Minister, of appointing justices of the peace and who has therefore had a little to do with what they actually do.

If I can take the first point first, it has always struck me that in the absence of legislation of this type, there has been a certain uncertainty and ambiguity about the role
of justices of the peace. Many of them have been putting themselves forward for good
and noble reasons, but many have also put themselves forward on the basis of some
self-flattery and determination to gain a status in the community that requires them to
do very little. I recall one individual who came to see me once. I asked him whether he
was interested in doing any court work and he said yes, that was his great passion. I
asked him what his experience was, and he said he watched a lot of television and was
familiar with courtroom procedure from having watched *Boston Legal* and that type of
show. The sad thing was that he was deadly serious.

**Hon Tau Henare:** There’s nothing wrong with Denny Crane.

**Hon Peter Dunne:** No, that is not a qualification for a justice of the peace in
New Zealand.

I also recall one—probably unlamented—former Labour MP who, on the day before
the 1990 election, when I was the Associate Minister of Justice looking after JP
appointments, came into my office with a list of that person’s campaign committee and
all their filled-out JP nominations. The MP expected me to appoint them then and there,
on the spot. That person’s parliamentary career ended 24 hours later, and those
nominations never proceeded beyond that. I think that is the downside of this issue.
There is an important role for justices of the peace, but for too long they have been seen
as either elderly, semi-muddled people or do-gooder enthusiasts who rush around and
preside over deposition hearings and do not do much else.

In my electorate we have a very large number of JPs. One of the constant battles I
face in nominating people is that I am always told I have far more JPs than is the
accepted norm. The problem that I constantly encounter is one of people wanting to get
access to one of that large number of justices of the peace, and finding the justices of the
peace are too busy, on holiday, or do not do that sort of thing any more. I am delighted,
in fact, that an active group of local JPs has now, through my electorate office, set up a
regular clinic where we can provide for the needs of people who require the services of
a JP.

All of that brings me to say that the provisions in this bill regarding the retirement of
JPs—both the ways in which they can be retired and the status to be accorded to them
once they retire—are long overdue. I can think of many, many justices of the peace who
vigorously cling to their title, but who have no desire to do anything associated with the
role. In some cases, that is because they are too old or too infirm, or do not live in the
area any more. Those people would welcome the opportunity to style themselves “JP
(retired)” . That would, hopefully, then free up a slot for others who are more active and
who would take a greater role in terms of the traditional witnessing of documents, some
of the services associated with the police—nominated witnesses, and those types of
things—and the increasing use of justices of the peace in the early stage of court
hearings. This bill is a rather elegant way of addressing what has been a longstanding
problem.

I think the bill also provides a level of status for justices of the peace that indicates
their role has some point in the justice system. For a long time they have felt they were
the proverbial spare part used from time to time in a very junior or menial role, and then
readily discarded when others came along who had greater expertise. I recall the
proposals some years ago to do away with justices of the peace and bring in what I think
were to be called community magistrates, to get around the whole issue of the role that
justices of the peace perform. The proposal did not go very far, because a number of JPs
felt very strongly about the fact that they would be disenfranchised, but it did put some
focus on what they actually did. I am pleased to see that over subsequent years,
successive Ministers have had a focus on appointing younger and more active JPs than
had been the case previously.
I think the provisions contained in the bill regarding the JP (retired) title are a neat step forward. I do have a mild concern, however, about some of the conditions under which that title may be taken up. It concerns me a little that, for instance, JPs may be able to use the title if they have left the office in somewhat less than appropriate circumstances. I would have thought that we need to be very clear about that, but some of the provisions in new section 3C, inserted by clause 4, are not entirely clear in that respect. I think the select committee may need to pay some attention to that.

But on the whole, this is a good bill. It is one the JPs themselves have lobbied for, for some years. I think it squares the circle, in the sense that it shows that Parliament recognises there is an appropriate role for justices of the peace. It puts them on a more professional footing, through the requirement for training and through establishing legitimate exit procedures. It also means that we are able to get people to serve as justices of the peace who are active, committed, concerned for their communities, and not just there for the honour and glory of the position. Hopefully, that may mean the people who present themselves at our electorate offices will be people who are, on the whole, dedicated to achieving that objective.

I welcome this bill, and I wish it Godspeed as it begins its path through the legislative process.

Dr PITA SHARPLES (Co-Leader—Māori Party): As a JP who has used his role in various ways in the past, I join with the Māori Party in supporting the Justices of the Peace Amendment Bill. The Māori Party approaches every piece of legislation that comes before this House with the basic question: “How will it defend the rights and advance the outcomes for tangata whenua?” We do this for every bill. Central to the posing of this question is the particular focus for our constituencies.

Before we left for the adjournment break, my colleague Te Ururoa Flavell brought to the House the example of Claude Ānaru and his wife Hanahira Riripōtaka—renowned justices of the peace in the Wairākeirohe. He described them as individuals of high integrity, of considerable standing amongst our community; the types of upstanding members of the community we look for in justices of the peace. We note with some irony that such accountability and safety has not always been associated with the role of justice of the peace. Remember the West Coast Settlement (North Island)Act 1880? This was the Act that created a number of new offences, such as endangering the public peace by removing survey pegs or preventing lawful occupation by ploughing the surface of the earth or erecting a fence. For these activities, an offender could be arrested without warrant by any member of the armed constabulary, tried before a justice of the peace, imprisoned for up to 2 years, and then detained in prison for an indefinite period to keep the peace. There is also the West Coast Peace Preservation Act 1882 that enabled a justice of the peace to direct the dispersal of an assembly of 50 or more Māori, and provided for penalties of up to 12 months’ imprisonment. The concept of peace is thus somewhat ironic when we consider the obvious injustice and racist assault on tangata whenua enshrined in these two Acts. Māori were treated as alien prisoners of war, to be held at will, and with the justice of the peace in a key role of perpetuating the crimes of the State.

So when we trace back over the history and background of the justice of the peace role within Aotearoa, we must recognise the impact of legislation such as this, which throws up into question the wider issues of justice and how it applies to this nation. This history is highly relevant to the ability of today’s justices of the peace to practise safety. Before the adjournment break we talked of the value of cultural safety to provoke people to think about their own biases and assumptions, and about the way in which the world works. Cultural safety would require prospective JPs to take the role seriously, and to try to understand how to support people who might well have different ways of
being than their own. Cultural safety and cultural competency are vital to ensuring that the diverse population serviced by justices of the peace have their needs met.

Treating everyone the same might seem a fair and ethical approach for any JP to take, but sometimes it is entirely the wrong thing to do. We would suggest instead that the notion of different treatment to achieve equitable outcomes is a stronger and more inclusive approach. The political link between the Treaty and its guarantees of equity, including the possibility of equal status with other New Zealanders, in article 3, is as relevant to the training of justices of the peace as it is to any other sector of policy. And it is there that we believe the inclusion of an allegiance—albeit a voluntary one—to Te Tiriti o Waitangi would be very helpful in strengthening the capacity of justices of the peace to be responsive to the unique constitutional context of Aotearoa.

The Māori Party is introducing a Supplementary Order Paper to be discussed along with the Oaths Modernisation Bill when that bill next comes before this House. Amendments will be introduced to include Te Tiriti o Waitangi in all oaths and affirmations. The Māori Party considers that being committed towards true service for the community, which is integral to the role of a justice of the peace, will require that a clear understanding of the implications of Te Tiriti o Waitangi will be as essential as being a person of good sense, character, and integrity.

If we trace the whakapapa of the JP in history, back to the early days of 1361, we will learn that the Acts of that time envisaged that peace should be kept and justice administered in each country by a leader assisted by being learned in the law. To be learned in the law of our founding partnership in the nation requires prospective justices of the peace to understand the status of Te Tiriti o Waitangi and, indeed, its subsequent implementation across legislation.

The Māori Party is happy to support this bill in the way in which it supports the Justices of the Peace Association and individual justices of the peace in enhancing their capacity to be upstanding members of the community. But we would still like to see further information, including specific data on the number of Māori JPs across electorates and across regions in Aotearoa. Here we have reason again to return to the report of the United Nations special rapporteur, who reported that the lack of significant, disaggregated statistical data identifying ethnicity was a key barrier to reducing disparities. If we do not have the right data, we cannot really target our social policy. We hope that the accomplishment of the aims of this new bill will indeed achieve peace, will work to enhance justice, and will provide a much-needed framework for community credibility. Thank you.

LINDSAY TISCH (National—Piako): National will be supporting this bill, which has been long in gestation. The genesis of this bill goes back to the 1980s, and at last it has come before the House. I know that the Royal Federation of New Zealand Justices Associations has been very proactive over the years to make sure that the Justices of the Peace Act of 1957, which is long outdated now, gets the attention it deserves in this amendment bill. So National will be supporting this bill.

It is also interesting, for those who do not know, to note that the role of a justice of the peace is an ancient and honourable one, tracing back to the unpaid posts of wardens, conservators, and keepers of the peace in the 14th century.

Hon Judith Tizard: Why do you like reading circuitous notes?

LINDSAY TISCH: Well, I say for that member, it happens that I take this quite seriously, as a justice of the peace myself. It is an honour and a privilege to be a justice, and I have been one for many years and have been actively involved in the local area. I think that as this party is supporting the bill—and most parties are, I am sure—interjections of that nature are uncalled for.
There is a tradition over the last 600 years of justices being unpaid, and we find that the role is probably the last bastion whereby a member of Parliament can use his or her local political patronage to be able to bring somebody forward, to nominate that person, and, in so doing, to make sure that those people who are put up for appointment by the Minister meet the criteria that one would expect. As previous speakers Ron Mark and Peter Dunne have identified, there have been people who have come to them, as they have come to me, who have expected that we would sign them on as justices, because it was the thing to do. They just wanted to have that title without knowing what was involved in being part of a very important tradition and also playing a very important part in our communities.

So the area we are looking at, in terms of the retired justice, I think is an important one. There are a number of justices who are now of an age where they do not wish to participate, or they are out of step with changing legislation and do not fully appreciate the requirements. So after a 10-year period a justice would be able to move to that retired status, and I think that is a very important step that this bill now allows for.

I am also in favour of the much stricter vetting requirements that the bill allows for. We find that some people have sneaked through. I think that in order to protect not only the interest of justices but also of the public whom they serve, a much stricter vetting of applications is very appropriate. If we were to look at the number of justices we have and the work they do, we would see for example that as at February 2004 there were over 284 sections of 92 separate Acts of Parliament that they needed to be familiar with, and that need is increasing all the time. When we take into account ministerial jurisdictions, the number of Acts increases significantly. The work includes deposition hearings, bail applications, remands, summary offences, minor offences, local authority infringements, and the swearing of search warrants. So the role is becoming complex, it is becoming very intense, and we need to make sure that the justices who are performing those functions are well trained.

One of the duties I was involved with as president of the Matamata branch of the Justices Associations was to make sure that justices in our community were involved in training sessions. Training was not compulsory, but we certainly made it attractive for justices to attend and get up to speed with skills, and we held regular training sessions for members. If we look at the commitment that justices have made—and the figures I have here have been mentioned before but I think they are worth repeating; they have not been mentioned tonight but they were mentioned the other night—there were 12,731 deposition or preliminary hearings, 35,603 minor and summary offence hearings, including traffic offence hearings, and 21,046 bail and remand hearings, making a total of 69,380 charges heard. If we were to look at the voluntary commitment made by these people, we would see that it is significant—about 26,000 voluntary hours.

So, as a consequence, National is supporting this amendment bill. We believe that the federation has been asking for a long time for these changes to be made and for Parliament to take this seriously. The bill has been a long time in coming, but National has great pleasure in being able to support it. All justices, including future appointments, will benefit from it.

Bill read a first time.

Bill referred to the Law and Order Committee.
TIM GROSER (National): The National Party will be supporting this amendment bill. I have to say that when I first came across this slightly Orwellian title I was a little confused about what precisely might be the objects that needed to be politically protected. I wondered whether it was the Associate Minister for Arts, Culture and Heritage. No, I do not think that is the case. Was it perhaps the former Minister of Immigration, Taito Phillip Field, or was it perhaps the entire Labour Party—the Prime Minister’s list of the walking dead, politically speaking? I think that through a careful examination of Part 1 we can put some of this to rest.

Of course I have to say that amongst the list of the Labour Party walking dead, members will probably realise I was particularly concerned about the fate of the former Minister, Mr Jim Sutton, and I wondered about the impact of this on his negotiating position. But I notice that Part 1 refers to rare collections and objects of palaeontological interest. I quickly came to the conclusion that I do not think we can describe Mr Sutton as having yet attained the status of palaeontological, so I think we can lay that concern to rest. In fact, I want to congratulate him on negotiating a very successful exit strategy. I understand that the Prime Minister is a skilled taxidermist, but he finally did manage to negotiate an acceptable arrangement.

With respect to the detailed provisions of the arrangement, rather than go through them in some arid and rather academic way, I would like to examine them against an actual. Mr Finlayson, as he said, promises to give members an arid and academic analysis and he is excellent at that, I am sure. I would like to try to examine this with respect to an actual incident of cultural piracy, the Elgin Marbles, and ask ourselves, had this excellent legislation been on the books of the authorities at the time would it have stopped the problem?

I want to remind members of the particular circumstances surrounding the Elgin Marbles. Let us imagine that it is a hot and humid day in Athens—

Hon Tau Henare: No!

TIM GROSER: Well, it often is, but air pollution, which is of course atrocious in Athens, was somewhat limited in 1799, because motorcars had not been invented. Let us say that one is Thomas Bruce, the 7th Earl of Elgin and ambassador to the Ottoman Empire, and one has, as perhaps befits the 7th Earl of Elgin, a certain noblesse oblige attitude towards life and cultural objects—a little bit like some of the Ministers in this Government who have been around power a little bit too long. So one goes along to the Parthenon with one’s flunkies, looks at these marbles, and says: “Well, this would look rather nice in my country estate in Surrey and, more to the point, this will annoy enormously the 6th Duke of Norfolk who will covet these marbles.” I will be able to say to him: “Not in your dreams.” So one says to one’s flunkies: “I want these marbles.” The question is: had this legislation been in place in the Ottoman Empire would it have prevented that? Well, I think we can trace the logic through.

First of all, we know that Lord Elgin then applied to the Ottoman Empire for what is called in Islamic law a firman, which was the piece of paper or the authority to take the marbles away. Now, of course, the procedures of the Ottoman Empire of the day were, one could say, Byzantine, but this is essentially a royal decree. Had this legislation been in place at the time, the Earl of Elgin would have had to apply to the chief executive of the Ministry of Arts, Culture and Heritage, which the provisions in Part 1 make quite clear has the sole authority to authorise the export, under very strict conditions. What is
more, the chief executive must also have regard to expert opinion. If we examine section 7B in new Part 1, inserted by clause 9, which covers the modern-day equivalent, we will see that the chief executive alone has to consult experts on what issues are truly relevant to the day. Furthermore, there are detailed provisions for a process of review. So I think by examining this issue we can see that the bill has a lot of built-in protection. Some of the provisions are merely designed to bring a few things up to date, such as the provisions in clause 11 that change “his” to “his or her”. I do not think we need to explore the ground in between. But basically this is sensible legislation that addresses an issue of importance to New Zealand.

CHRISTOPHER FINLAYSON (National): This is very useful legislation that amends the Antiquities Act 1975. As I said in my second reading speech, this country has long acknowledged the need to protect our cultural heritage. It is interesting to observe that over the years there has been a significant growth in the trade of illicit items of significant cultural value. Indeed, in 2004, I understand, Interpol estimated that the illicit trade in art and artefacts worldwide was valued at somewhere between US$4 billion and US$10 billion. In my second reading speech I referred members to the well-known case of Attorney-General of New Zealand v Ortiz, which went all the way to the House of Lords in England. The Attorney-General of New Zealand tried to do something about recovering a Māori taonga by reference to the Antiquities Act but failed because he was essentially seeking to enforce, in England, New Zealand legislation, and that was contrary to international law.

The Protected Objects Amendment Bill deals with a number of key provisions, and I will discuss those briefly tonight. I will not go through the definitional clause, which is, really, reasonably straightforward, but I will talk about the first provisions, which deal with preventing, or prohibiting, the export of protected New Zealand objects from New Zealand unless the person seeking to export the goods has obtained permission. The chief executive of the ministry is the person from whom permission should be obtained, and failure to obtain permission without reasonable excuse in the circumstances will mean that the person exporting the goods commits an offence and will be liable to substantial fines.

In order to assist the chief executive to make up his or her mind about whether prohibition should be ordered on export of a particular object, expert examiners may be called to provide assistance. The term “expert examiner” is not defined in the legislation except in a fairly cursory way—it may include “a body corporate or an association of persons”—and whether a person is an expert in a particular area will depend, obviously, on the circumstances. Those people who are granted permission to export will obtain a certificate of permission, and a register of objects will be kept. So I believe that this regime is a very sensible regime. This bill brings the Antiquities Act up to date, and I heartily endorse it and, indeed, say it is overdue.

Clause 13 is the one that I find particularly interesting. If someone brings into New Zealand the equivalent of my friend Mr Groser’s Elgin Marbles or an unlawfully exported protected foreign object, then for the first time steps may be taken in New Zealand to seek recovery of those objects and the return of those objects to the country whence they came. This is dealt with in clause 13.

I would like to refer to just a couple of matters, and maybe my friend Mr Fairbrother may care to comment on a couple of points that I will raise, as well. The first is that there is an import prohibition on bringing unlawfully exported objects into New Zealand. If they are brought in within the limitation period set out in section 10B, inserted by clause 13, then a reciprocating State may bring a claim in a court of competent jurisdiction—that will probably be the High Court—for the return of the goods. The limitation period specified is 3 years from the date on which the claimant
knew the location in New Zealand of the object and the identity of the person who possessed it, and 50 years from the date on which the object was unlawfully exported.

The point I am not very clear about—and this is one that Mr Fairbrother may care to comment on—relates to the fact that the court must order the return of the unlawfully exported protected foreign object if the claimant establishes that the removal infringes in some way on the foreign law. The bill does not state whether the claimant is required to prove the circumstances set out in the clause beyond reasonable doubt or on the balance of probabilities. I would have thought it would be on the balance of probabilities, although the seriousness of the claim could well bring it within the ambit of a standard of proof of beyond reasonable doubt. If the return of the unlawfully exported protected foreign object is ordered, then the court may require the relevant reciprocating State to pay fair and reasonable compensation in the circumstances that are set out in section 10C, inserted by clause 13. So there is an interesting question as to how one assesses that compensation. Very important in the bill is the provision for what happens if foreign protected objects are stolen. I think the regime provided there is, likewise, a very useful addition.

So, in conclusion, I think it is well past the time that we acceded to bringing into New Zealand domestic law the Unesco and International Institute for the Unification of Private Law conventions—they are well overdue. That will address the kind of mischief that was outlined for New Zealand in Attorney-General of New Zealand v Ortiz. The rest of the bill simply brings the Antiquities Act 1975 up to date by substituting various terms, and I will not waste time on that. These were the key points I wanted to make, although, as I said, there are some interesting questions about whether it is beyond reasonable doubt or the balance of probabilities that needs to be proved. There will also be some interesting questions about how one assesses reasonable compensation in the circumstances.

STEVE CHADWICK (Labour—Rotorua): I think this is an incredibly important bill that is along the lines of what this Government is trying to achieve in terms of protecting the New Zealand identity. I have been dealing with an issue in my electorate regarding the loss of a Hinemihi pare, a very significant carving to the Tuhourangi people in Rotorua. The carving was gifted—it was not illegally exported—and went under the care of the UK National Trust. We are now in the invidious position of trying to purchase it back for this country, and we simply cannot afford it. Prices on the international market have become so inflated that it will become a difficult task for us to ever be able to get such objects back once they hit the market and cannot be sent back through trust and museum agreements.

I think it is time for us to stop that bleeding of our cultural taonga internationally. I am very pleased to see this bill in the Committee at last. We will no longer see in future generations—and this is vital for intergenerational identity and cultural identity—the trading of taonga that this country will never be able to afford to retrieve. We have tried to recover the Hinemihi pare; we cannot go on the open market. There is no way we can get it back at $US1.9 million. We have trusts in Rotorua, all of whom say the pare is a part of our identity—in fact, it is Hinemihi’s body, which was lost at the Tarawera eruption—and we are just bleeding about that in our community. Benefactors went out and raised a substantial amount, but nowhere near the target, and there was no way we could afford to get the pare back. Those are the sorts of situations that this legislation will protect us against for generations to come.

I congratulate the members of the Government Administration Committee; I think they have done a wonderful job on this bill.
That little story reminds us of our New Zealand stories and of why we cling to all the things that we hold dear. This is a wonderful bill. It is a very significant bill, and I am glad that the Opposition supports it.

SHANE ARDERN (National—Taranaki-King Country): Like the member who has resumed her seat, Steve Chadwick, I too support the Protected Objects Amendment Bill. I acknowledge the fine contributions to this debate tonight from my two colleagues Chris Finlayson and Tim Groser. I think that at this stage we should probably remind ourselves of the origins of this debate tonight. My reading of it is that the emotion that brought this issue to a head—and I hope members will not mind the pun—was the shrunken head debate that took place in this country about the return of such artefacts in the mid-1990s. I think my good colleague the Hon Tau Henare may have been the Minister at the time who participated in some of that debate and discussion. I see the Minister in the chair, Judith Tizard, has some anxiety about what I am saying. I am not sure whether that is because she thinks she may be protected under this bill. I am not sure about that, but maybe she will take a call and clear that matter up for us. But that is my understanding of the situation.

The bill brings New Zealand into line with an internationally recognised Unesco set of standards. That, in itself, and the reciprocal nature of that, so that we are able not only to negotiate the return of some of our artefacts but also to reciprocate when people bring other nations’ icons or treasures to New Zealand, is something I think we should all be a part of. The bill also brings us into line with the various other conventions that exist internationally and add strength to this legislation—for example, the International Institute for the Unification of Private Law (UNIDROIT) convention, which has some history now. It was passed in 1995 in Rome—on 24 June, I see here in clause 6 of the bill. So this bill is obviously overdue and, for that reason, I am pleased the Committee is quite unanimous in its support for it. I am not sure whether there are any dissenting voices in the Committee, at all—there may be; I am not sure—but it seems as though the House is fairly unanimous in its support for this legislation.

The Chief Executive of the Ministry for Culture and Heritage will be given some powers that will have to be monitored, and some people who submitted to the Government Administration Committee raised concerns about that. But I think the protections put in place under the legislation with regard to that, and the very high tests that have to be met, should help those who have concerns in that area.

As far as I can tell, the bill also brings quite clear definition to what could be described as Māori cultural artefacts. Of course, there is a lot of debate in New Zealand at the moment as to the meaning of the various terminology used in some of the legislation in that area. Because we are dealing with physical objects, this legislation will bring clarity to that issue. I am sure that those who submit to the chief executive, through the various avenues they will have, will be able to bring expertise to his deliberations on what actually represents an artefact.

There have been some quite erudite speeches about international experiences. The one that I spoke of in the first reading was an event that took place in Taranaki, which I think my good colleague Chris Finlayson referred to. That case made its way right to the House of Lords in England. It was decided in the High Court in London that it was impossible for a foreign jurisdiction to implement what was clearly intended in New Zealand law. In enabling New Zealand to sign up to the Unesco convention and the UNIDROIT convention, the bill provides clarity and reciprocity in respect of international law in terms of what can and cannot be decided at the various points in the judicial system, when such things are debated.

If the Minister in the chair has any concerns about some of the comments made by various members tonight, she should take a call and clear them up. I know she probably
has no understanding whatsoever of the bill, which is in her name, so I am not expecting a learned speech. But if she has some concerns—and I have seen a certain amount of head-shaking and guffawing by her, although no knitting—then she should take a call and clear up those issues.

Hon RUTH DYSON (Minister of Labour): I move, That the question be now put.

Hon TAU HENARE (National): Thank you Madam Chair for your indulgence. I want to pick upon a couple of issues. The first is colloquially known as “shrunken heads”. I travelled—

Hon Judith Tizard: What! Nobody knows it as “shrunken heads”.

Hon TAU HENARE: The woman who has been playing on her telephone for the last half an hour—texting whoever, not listening to whatever the members have said in the last half an hour—suddenly comes to life, because she has found the “send” button. For goodness’ sake! Members have been making really good speeches, really interesting kōrero, in the Chamber tonight about protected objects but she has to go and ruin it by waking up! I was going to talk about what is called in the business “shrunken heads”, or “stolen shrunken heads” in my—

Hon Judith Tizard: Nobody calls them that, except Brazilian ones.

Hon TAU HENARE: Here we go! For goodness’ sake! Take the pill and close your eyes.

The CHAIRPERSON (Ann Hartley): Will the member please withdraw and apologise for that remark.

Hon TAU HENARE: I withdraw and apologise. When I travelled to England and Scotland some years ago to retrieve those taonga—as I believe they are—I thought that what we really needed is legislation to protect everything in this country. I am glad to stand up and support this bill. My colleague referred to the Elgin Marbles but that situation would not have happened if there had been legislation like this and everybody had signed up to the deal. I know, and most members of the House know, that cultural taonga was stolen from this nation hundreds of years ago and they lie in the back offices of museums around the world. My great-uncle, my grandfather’s brother, at the closing stages of the Second World War, talked to a few of his mates in the 28th Battalion and they were on the cusp of doing a raid on some of the international museums, on their way home, to bring some of those taonga back. I am glad that the parties are signing up to the bill.

One matter I want to talk about is Charles Upham’s VCs. There was a bit of a furore not so long ago about who owned them and whether they were taonga to the nation. I see in schedule 4: “New Zealand military history means the history of—” and it lists a definition of that. The bill states “protected New Zealand object means an object forming part of the moveable cultural heritage of New Zealand …”. I am not so sure there is anything in the bill that protects the issue of an individual person’s property, as a taonga that belongs to the person. In the case of Charles Upham his VCs were gifted to his daughters, even though we all believe that he did such a wonderful job and he won two VCs on behalf of the nation. There is nothing in the bill that says that those people who owned those taonga can do what they want with them.

I am glad that the bill states that the Crown can purchase on behalf of the nation. That is absolutely fantastic. There can be a horrible situation where because the nation is interested in a taonga or object, the price is pushed up on the open market and even on the black market. So we have to be careful. Some years ago I proposed that if we were to go down this track in terms of a revamp of the Antiquities Act—at the time I called it the “Taonga Māori Protection Bill”, and that may have been naive of me—a trust should be established whereby not only the Government could put funds towards purchasing protected objects but also the private sector could contribute. Fund-raising
could go on, so there would be a fund for those national treasures. It would have taken a
hell of a lot of money.

RUSSELL FAIRBROTHER (Labour): I move, That the question be now put.

JO GOODHEW (National—Aoraki): I rise to speak in the debate on the Protected
Objects Amendment Bill, which is a useful bill in its amendment of the Antiquities Act
1975. It seeks to regulate and prohibit the permanent export of protected New Zealand
objects that are of such significance that their export would diminish New Zealand’s
cultural heritage. I support my National Party colleagues, and will turn to some of their
comments later. We have not heard any disagreement in the Chamber tonight about the
importance of the bill. It is about the protection of—

Shane Ardern: Only from the Minister.

JO GOODHEW: That is true; the Minister did have a dissenting voice before. The
bill is about the importance of the protection of our cultural heritage in the form of
objects. It brought to mind a recent visit that I paid to Māori rock drawings near
Temuka in South Canterbury, and the reason it brought that to mind was, of course, that
those particular—I guess we should say—objects are, very fortunately, way too big to
export. I think that that is fortunate indeed, because we would hate to see those objects
of such important cultural heritage and value spirited away overseas.

That brings me to the point of this bill. We, as New Zealanders, know that we value
cultural heritage and we value objects immensely, and this bill allows us to have some
redress from those who seek to export them illegally. Having not had the pleasure of
being present in the Government Administration Committee for the process, my
comments will be general in nature around Part 1. It is abhorrent to New Zealanders that
someone, or anyone, should seek to profit, no less, or seek ownership outside New
Zealand, illegally and, many would say, immorally, of objects of rare and unmistakable
value to the people of New Zealand—all the peoples of New Zealand. So this bill will
provide a mechanism to shut down or to deem illegal such exports, and to give teeth to
the law dealing with the illicit export of protected objects.

I guess it also brings to mind that it is probably quite unfortunate that the bill is not
retrospective in its nature, and that those objects New Zealand has already lost, and that
New Zealand citizens mourn, will not, unfortunately, be protected by this bill.

It is pleasing that the export prohibition in new section 5, proposed to be inserted in
the principal Act by clause 9 in Part 1 of the bill, puts the onus of care on the exporter to
make sure that the object it is exporting is not a protected New Zealand object. There
will be few excuses that could be deemed reasonable in the circumstances, and that is
good for the protection of our cultural heritage and objects.

Also reasonable is that new section 7, also to be inserted by clause 9, will allow for
temporary export, because New Zealanders love to show the rest of the world their
cultural heritage and the objects that are very precious to them. New Zealanders will be
able to apply to the chief executive of the Department of Internal Affairs to have a
temporary export of an object of cultural significance, and that temporary export will
allow a certain period of time in which that object can be away overseas. So we will
celebrate and continue to show the world our celebration of our heritage in those
objects.

The other section of Part 1 that interests me in particular is the new section 7E,
“Register”, which is also to be inserted by clause 9. The main point of this section is
that if an item or object is on the register, it may not be exported permanently, and new
section 7Fallows the chief executive of the Department of Internal Affairs to take action
if, in fact, that object or item has been exported illegally, in order to return that object to
New Zealand.
That brings me to the reciprocity aspect of this bill, where New Zealand will be able to join with other nations to help each other to protect objects of important cultural value to us and to other nations. We will be able to help other nations to have their objects of cultural significance returned to their shores, just as we will be able to seek their assistance in the return of our special treasures.

Of importance also relating to the register, although it will not be published, in order to not put out there in black and white the sort of illegal trade that those who seek to do this awful thing might look at and deem that those are the objects that should be stolen, there will be enough public information about the types of objects that are captured within the definition. Therefore, it will fall on the shoulders of those people who are exporting goods to make sure that an object is not on the list.

STEVE CHADWICK (Labour—Rotorua): I move, That the question be now put.

Hon GEORGINA TE HEUHEU (National): Thank you very much for the opportunity to take a call tonight on the Protected Objects Amendment Bill. I say “thank you” because it is important that the public of New Zealand understands that National is very, very much committed to the protection of our taonga. So, in that sense, we welcome the bill and we support it.

One of the things the bill has done is to make members in this House, as representatives of New Zealanders, think very clearly about the things that are important to us as New Zealanders. As a Māori, in particular, as there is so much of our cultural heritage that is Māori and unique, obviously, to New Zealand, I think it is very timely that this country takes steps to make sure that those things we consider worthy of protection because they contribute to our nationhood and our identity are protected.

In this day and age, it is neat that we all have the opportunity to think about what matters to us, and what matters to us is that we protect those things that help to identify us as New Zealanders. So many of those protected objects—those taonga—are Māori-based. We appreciate that all of those things belong to all New Zealanders, and that we all have a collective responsibility to make sure they are protected, not only for ourselves in our time but for the coming generations. Obviously, in a time of increasing globalisation, when States have a bit of a concern about the loss of their own identities, it is activities and legislation such as this bill that make it important for us to understand that we are New Zealanders, that we have things that identify us as such, and that we need to protect those things.

National is very committed to the underlying concept that there are certain things that we as New Zealanders hold dear to ourselves, because they identify us, and they make a statement about our sense of belonging to this place and to these islands in this part of the world. It is because those things are unique to us that we as lawmakers take the proper steps to make sure those things are protected. So it is absolutely proper, for instance, that Part 1—which we are debating now—places prohibitions on the export of certain objects, and that a process exists through which people who wish to export certain taonga must go to seek approval, which they may or may not get. That is right and proper.

Although it is not in order for us to congratulate the Minister—and I was not here for the earlier part of the debate—National supports the steps that have been taken. They are timely and they are important to us as New Zealanders. That is why we support the measure being debated tonight.

Also, I want to give a bit of tautoko to my colleague Tau Henare. We were in Government and Cabinet together when he took steps to have those taonga returned to New Zealand. That is proper, too. Those taonga may be of Māori cultural importance, but I do not think Māori take them for themselves. We look to all New Zealanders to take pride in what belongs to us. We look for the support of all New Zealanders to
understand and appreciate the importance of things that, though they come from our culture, belong to us all as New Zealanders. On that basic premise I will not congratulate but will commend the Minister for bringing this legislation to the House.

RON MARK (NZ First): I rise to indicate that New Zealand First will be supporting the passage of the Protected Objects Amendment Bill through the Committee stage and offer just a couple of comments.

Firstly, I agree with everything that has been said thus far by all the members who have spoken. This is very timely and appropriate legislation. It is legislation one wishes had existed many, many years ago. One might say that given the shape and tendency of New Zealand, and the way we behaved in the past, one might be quite surprised that such legislation should eventually be passed by this House. But time moves on, and Māori artefacts that were always considered to be taonga by Māori and to be curios by other people will finally, through this legislation, have the protection they have long needed.

It is a tragedy that my whanaunga, Te Arawa people, are having to deal with the issues of raising $1 million, $2 million, or $3 million—I do not know how many millions of dollars—simply to acquire something that is theirs and should never have been removed either from their rohe or from Aotearoa in the first place. We can surmise, guess, and speculate as to how such a taonga ended up where it did. The fact is that it left our borders, and that should never have been permitted. This bill is like shutting the gate after 1,000 Kaimanawa horses have bolted, but shut the gate we will.

It is interesting that my longstanding friend the Hon Tau Henare raised the issue of Charlie Upham’s medals. I am an Upham class cadet and proud of it. Charlie Upham is one of my most important role models, and as a 16-year-old I got to shape myself on that model. The thought and notion that his medals would be sold and become part of a private collection somewhere in the United Kingdom sent a shudder up my spine. More important, it did not sit well with the survivors of the 20th Battalion, and particularly those who served in his company. It did not sit well with them because they knew that Charlie had always said, from the day he was first nominated and told he had been awarded the Victoria Cross, that the medal was not his. He had always said that. He continued to repeat, until the day he died, that the medals were not his, but they belonged to his men. I have been fortunate in the last month or so to again have had close association indirectly with the Upham family, through the development of the proposal to film the life story of Charles Hazlitt Upham VC and Bar.

I am not able to tell the Committee at this point in time the final decision on those medals, but I am very, very hopeful that a good-news story will come out of it. I know that Phil Goff has had continued discussions in that area. This is one piece of militaria that I believe is part of our history and culture and should be protected by this legislation—whether it is remains to be seen.

I also point to schedule 4. Schedule 4 raises a lot of other questions for me as a former military person, and also as a person who dabbles in collecting military artefacts. There are a lot of taonga out there, held by families of the Māori Battalion, that were brought back into this country and that many people would look at and be aghast to know are here. They are Nazi memorabilia. Most people in this Chamber would be aghast and ask what we could possibly want with Nazi memorabilia in this country. The fact is that they are the spoils of war that were gained with the blood of our ancestors. If nothing else, the continued presence and the retention of those artefacts and taonga will always and forever serve as a reminder to us of the price that was paid for our freedom and right to stand in this Chamber.

My interpretation of schedule 4 is that those artefacts are covered under the legislation. Therefore, I hope that many of those artefacts that were recovered by our
veterans—most of them illegally; we know that—and were secreted away but have subsequently come to the fore in private collections will not be forced to be destroyed, buried, melted down, or shipped back to the country from whence they came. I hope that they too will be considered as taonga, as heritage items, that were fought for and paid for with the blood of our forefathers, and that, in time, they will come to be valued taonga by our mokopuna, and their mokopuna as well.

This is very good legislation, and I welcome it.

Hon JUDITH TIZARD (Associate Minister for Arts, Culture and Heritage): I am grateful for the many contributions from members tonight. I am particularly grateful to Ron Mark for his useful and thoughtful contribution to this debate. I agree with his point, and I think he reflects very deeply on the fact that international artefacts may well be of deep heritage value to New Zealanders, and important in telling the New Zealand story.

I think that his reflection on the Upham medals is a very good reminder that what is of particular and specific value for one generation may have a very different value for the next generation. I am often reminded of the huge response by New Zealanders to the Te Māori exhibition, which included what is seen by many New Zealanders to be Māori decoration or craft. There was debate about what was art and what was craft—almost as if craft were something that was irrelevant.

When exposed to an international audience, suddenly many New Zealanders finally understood that it was great art on an international scale and fundamental to what New Zealand is. For me, that was a great reminder of how we need to remind each generation of the values, as well as the artworks and often the technology, of a previous generation. The Protected Objects Amendment Bill is about trying to find an international standard by which each nation values what it has, and asks other nations—other cultures—to respect that value and importance. Because only if we have reciprocal arrangements can we get what is valuable to us returned to us.

Progress to be reported presently.

House resumed.

The Chairperson reported progress on the Protected Objects Amendment Bill, and no progress on the Coroners Bill.

Report adopted.

The House adjourned at 9.56 p.m.