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**TUESDAY, 29 JULY 2008**

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

**Prayers.**

**MOTIONS**

**Tonga—Coronation of King George Tupou V**

**Hon PETER DUNNE (Leader—United Future):** I move, *That this House congratulate King George Tupou V of Tonga on his approaching coronation, welcome his assurance that he is to voluntarily surrender most of his power to promote the democratic aspirations of his people, and look forward to the continued advancement of democracy in Tonga.*

Motion agreed to.

**VISITORS**

**Australia—Commonwealth Political Exchange**

**Madam SPEAKER:** I have much pleasure in informing the House that the participants in the political exchange from the Commonwealth of Australia, led by Mr Michael Johnson, are present in the gallery. I am sure that members would wish that the participants be welcomed.

**PERSONAL EXPLANATIONS**

**New Zealand First—Gifts and Donations**

**Rt Hon WINSTON PETERS (Leader—NZ First):** First, I would like to thank all those people who have sent me messages of condolence, inside and outside this House, and support since the death of my mother. Second, I must point out that New Zealand has just experienced a media ego explosion. It works like a neutron bomb. The egos remain intact, but the truth is ignored. And the fact that I am back now, with not one question being asked in respect of the matters raised while I was away, tells one volumes.

**RODNEY HIDE (Leader—ACT):** I raise a point of order, Madam Speaker. The House very generously gave leave for the Rt Hon Winston Peters to make a personal explanation. When a member is granted leave to make a personal explanation, the courtesy is that he or she makes one. We are still waiting for that Minister to answer the questions that this House has of him.

**Madam SPEAKER:** I thank the member. It is not an opportunity for a speech.

**Rt Hon WINSTON PETERS (Leader—NZ First):** I raise a point of order, Madam Speaker. If there was a shred of merit in that last point of order, the member would have asked a question. He has not—but very shortly I will be asking a question about him. *[Interruption]*

**Madam SPEAKER:** Would members please be seated.

**JEANETTE FITZSIMONS (Co-Leader—Green):** The member knows quite well that no questions about donations to New Zealand First can be put to him in his ministerial capacity.

**Madam SPEAKER:** That has been noted.

**GERRY BROWNLEE (National—Ilam):** Noting the challenge laid out by the Minister of Foreign Affairs in his personal statement, I seek leave for a representative of the media to be able to make a reply to Parliament.

**Madam SPEAKER:** I do not think that that is within the Standing Orders, but leave is sought. Is there any objection? Yes, there is objection.

**RODNEY HIDE (Leader—ACT):** I seek the leave of the House, in taking up Mr Peters' invitation, to ask him what happened to the \$25,000 given to the Spencer Trust and where it was spent. I seek leave to ask that question, and Mr Peters can answer it.

**Madam SPEAKER:** Leave is sought for that purpose. Is there any objection? I heard objection. [*Interruption*] I will put the question again. If members are not quiet it is very difficult to hear. Leave has been sought. Is there any objection? Yes, there is objection.

Would the member please remove that sign, if he wishes to remain in the Chamber.

## QUESTIONS FOR ORAL ANSWER

### QUESTIONS TO MINISTERS

#### Foreign Affairs, Racing, Minister—Confidence

**1. JOHN KEY (Leader of the Opposition) to the Prime Minister:** Does she have confidence in the Minister of Foreign Affairs and Racing; if so, why?

**Rt Hon HELEN CLARK (Prime Minister):** Yes; because he is a hard-working and conscientious Minister.

**John Key:** Can the Prime Minister confirm that she met with Mr Peters this afternoon; and in light of the explanations and assurances that Mr Peters gave the Prime Minister at their meeting in her office, can she now confirm that she has full confidence in Mr Peters?

**Rt Hon HELEN CLARK:** I can confirm that I have full confidence in Mr Peters as Minister of Foreign Affairs, as Minister for Racing, and as Associate Minister for Senior Citizens.

**John Key:** What new facts did she learn from Mr Peters at the meeting?

**Rt Hon HELEN CLARK:** Mr Peters has continued to assure me as Prime Minister that his behaviour has been lawful. I know that the member agrees with me, because he has publicly said that we must accept an honourable member's word.

**John Key:** Did the Prime Minister ask Mr Peters to clarify for her, so that she could have full confidence and retain full confidence in Mr Peters, what had happened to the \$25,000 that had been received, how long the Spencer Trust had been operating, and what the trust was used to fund?

**Rt Hon HELEN CLARK:** I do not expect Mr Peters to answer questions about the Spencer Trust, any more than I would expect Mr Key to answer questions about the Waitemata Trust.

**Rt Hon Winston Peters:** Would the Prime Minister take a different view if she, knowing that a declaration in respect of pecuniary interests had been required of a member of Parliament, checked that declaration and found that a company shareholdership of 2,524,750 shares in the name of Craig Foss was undeclared?

**Hon Member:** Oh, oh!

**Rt Hon Winston Peters:** Oh, oh!

**Rt Hon HELEN CLARK:** If members have information that suggests that there has been a significant oversight in another member's declaration to the registrar of members' pecuniary interests, then I suggest that that information should be forwarded to the registrar.

**John Key:** Can the Prime Minister confirm that she has decided to adjudicate on this issue in relation to Mr Peters in relation to issues of legality, not issues of integrity; if that is the case, how can the Prime Minister be sure that Mr Peters has not broken the law, if she has not asked him the difficult question of what happened to the funds from the Spencer Trust?

**Rt Hon HELEN CLARK:** I have accepted Mr Peters' word. I have to say that I have had dealings with Mr Peters for a number of years, and I consider that I have not ever been led astray by him.

**Jeanette Fitzsimons:** Will the Prime Minister tell her Minister of Foreign Affairs and Minister for Racing that, regardless of the legal situation, the public of New Zealand deserve straightforward answers to the questions that have been raised about donations from Owen Glenn, Bob Jones, and the Vela family, if the public are to maintain confidence in her Government; if she has not told him that yet, will she be telling him that?

**Rt Hon HELEN CLARK:** On Friday, 17 July, when Mr Peters was advised by his lawyer that the lawyer had received funding from Mr Glenn, Mr Peters very promptly declared that to me. I have no more questions to ask on that matter. In respect of cheques written out to New Zealand First the party or to the Spencer Trust, I would assume that the convention is that those matters go to the party via a trust, as they would with other political parties, whether we are talking the National Party and the Waitemata Trust, the Ruahine Trust, or whatever.

**Rodney Hide:** I raise a point of order, Madam Speaker. What is happening here is that when anyone gets up to ask a question of the Prime Minister, Ron Mark MP yells out across the House, threatening to reveal information. He has done it to me, and he has done it to Jeanette Fitzsimons my colleague. I consider that behaviour to be threatening and bullying of Parliament. [*Interruption*] I do. I consider that an MP standing up to ask a question having to face the sideline banter of someone saying "If you ask that question, we will reveal stuff about you." is unparliamentary, and I ask you, Madam Speaker, to ask Mr Mark to stop.

**Ron Mark:** Coming from out of the mouth of the man in a yellow jacket, talk of threatening, bullying, intimidatory tactics, and sideline comments being thrown across the Chamber is absolute—well, we are not allowed to use the word. But I have not threatened everyone; I have simply asked Mr Hide whether he himself has declared everything he should declare.

**Madam SPEAKER:** Ruling on the point of order, I did not hear the comments. I would ask members, however, that when they make interjections they do so consistent with the Standing Orders.

**Rt Hon Winston Peters:** Is the Prime Minister aware—and this arises out of a question last week from the Green Party—that the only improper behaviour in respect of any official inquiry in this House was when a member of a select committee, a Green member, was having an inappropriate affair with one of the lawyers for one of the interested submitting parties, and that he had to disqualify himself, and is now married to her?

**Madam SPEAKER:** That is not a suitable question. That is out of order. [*Interruption*]

**Rt Hon Winston Peters:** I raise a point of order, Madam Speaker. Yes, but I say to Rodney that he will not be, will he, and we all know why—do we not. Why does he not tell the world what he is really like?

**Madam SPEAKER:** If members interject, they do get a response, and that is what creates disorder. I will be asking members to leave the Chamber if they continue along those lines. We have a point of order from the Rt Hon Winston Peters.

**Rt Hon Winston Peters:** If it was good enough for Mr Norman to make that allegation last week, when I was not here, it is good enough for him to hear the truth this week, when I am. That is why I want an answer from the Prime Minister, because this matter is part of the select committee record.

**Dr Russel Norman:** To what extent was that a point of order from Mr Peters? It is not clear to me that it was a point of order; I think actually it was a debating point. One of the problems in this Chamber is that people constantly use the point of order process to make debating points—

**Madam SPEAKER:** Yes, just like the member is doing. Be seated. What Mr Peters was doing was questioning my ruling. We will have no more of that. We will continue with question time.

**John Key:** When the Prime Minister said of her Minister of Foreign Affairs yesterday at her press conference: “stands have been taken over a period of time that could be read as being in contradiction to what is emerging in the public arena.”, what did she mean?

**Rt Hon HELEN CLARK:** I meant that all of us in public life live in a goldfish bowl where everything we once said about something is then compared with what we later say about something. So, for example, when a member in this House calls Working for Families “communism by stealth”, then says he is all for it, the court of public opinion will judge that for what it is.

**John Key:** For the benefit of the House, can the Prime Minister clear up whether, when she met with Mr Peters this afternoon, she actually got an explanation from Mr Peters in relation to the \$25,000 that Bob Jones paid to the Spencer Trust, or did she simply accept Mr Peters at his word that there was no matter that needed looking into?

**Rt Hon HELEN CLARK:** I repeat that it is no more a matter for Mr Peters to explain the Spencer Trust than it is for Mr Key to explain the Waitemata Trust, the Ruahine Trust, or the money the National Party received from the racing industry, the insurance industry, or any of a long list of vested interests cultivated by Mr Key. I see he is still at it: he has been invited by Mr Hogan of the racing industry to go down to Cambridge, meet with people from the industry, and tell them what he would do for them.

**Rt Hon Winston Peters:** Is the Prime Minister aware that I made the same offer to Mr Key that I made to the Prime Minister in respect of this matter, and I am still waiting for a phone call; second, if Mr Foss MP has a shareholdership of 2,524,750 shares in a company formed in the year 2000, how could he have failed to declare that, and what does Mr Key have to say about that?

**Gerry Brownlee:** I raise a point of order, Madam Speaker. I think the Prime Minister is in a difficult position. Firstly—

**Hon Member:** I know you are.

**Gerry Brownlee:** No, the Prime Minister is in a difficult position.

**Madam SPEAKER:** There is a point of order; they are heard in silence.

**Gerry Brownlee:** The Prime Minister is in a difficult position because, firstly, she will not be aware that Mr Peters has made no representations to the office of the Leader of the Opposition with regard to any briefing or otherwise. All we know of it, all the Leader of the Opposition knows of it, is by way of the Television New Zealand commentary last evening. The second point is that the Prime Minister is now being asked to answer a question that can only be posed to Mr Key. It is a nonsense question, and Mr Peters knows that. Once again, one of his supplementary questions should be ruled out of order.

**Madam SPEAKER:** I think the first part of the question can be addressed by the Prime Minister to the best of her knowledge, but, obviously, she cannot answer a question on behalf of someone else. So that is correct.

**Gerry Brownlee:** I raise a point of order, Madam Speaker. How on earth can the Prime Minister answer a question about whether Mr Key has accepted a briefing, when she cannot possibly know whether he has even been offered one?

**Madam SPEAKER:** Well, if you read the Standing Orders, you will see that if opinions and views are sought, then a response—and I said “to the best of her knowledge”—can be given.

**Rt Hon HELEN CLARK:** I did hear on television last night that a briefing had been offered to Mr Key. I have heard Mr Key comment on that matter today, so I think he is well aware that there is a briefing on offer, if he is prepared to take it—he has commented on it.

**John Key:** Does the Prime Minister agree with Mr Peters’ statement that he put out earlier this afternoon in which he said that, one, he is “confident that these matters have been put to rest.”, and, two, “This whole affair is a shameful episode of dirty politics.”?

**Rt Hon HELEN CLARK:** From my point of view, I have been given no reason to believe that there is any illegality. I continue to watch closely developments on all matters around Ministers, but at this time I have no reason to doubt Mr Peters’ word.

**John Key:** Will the Prime Minister just clarify, then, for the sake of New Zealanders today, that this is the situation: that Mr Peters has faced some serious allegations, which he has failed to provide answers for; that Mr Peters went through a 1-hour press conference in Auckland last Friday where, despite a barrage of questions from the media, he failed to provide answers; and that Mr Peters this afternoon met with the Prime Minister, and failed to give her answers, but she has just accepted his word? Is that—

**Rt Hon Winston Peters:** I raise a point of order, Madam Speaker. This ramble, you will appreciate, is not the way to ask parliamentary questions. But, more particularly, I answered every journalist there who was halfway competent to ask a question on the law and the facts; the fact that they came up doughnuts is their problem.

**Madam SPEAKER:** No. Would Mr Key please continue with his question.

**John Key:** Can I just summarise the situation: is it that Mr Peters faces some serious allegations, which, at this point, he has failed to provide answers for; that he sat through a press conference for 1 hour on Friday in Auckland, where he failed to provide answers; and that the Prime Minister is now telling New Zealanders that she has not actually had an explanation from Mr Peters but has simply accepted his word? If that is the case, then is this the same Prime Minister who said she would campaign on higher standards in office, or are those standards rapidly disappearing, like her poll ratings?

**Rt Hon HELEN CLARK:** The convention is that an honourable member’s word be accepted. The member himself has accepted that in his public comments on this whole issue. But what I think it would be helpful to have some clarification of is Mr Key’s refusal to confirm whether he himself would work with Mr Peters, because I saw at least five questions asked of him on that matter on *Agenda* on Sunday morning, and he was slippery on every one of them.

**Rt Hon Winston Peters:** Can the Prime Minister confirm that she has seen the press statement of last Friday’s press conference where I set out the eight allegations being made by the media and debunked the whole lot, only to find when I was overseas that there was a ninth one, which came from one Rex Widerstrom, who obviously is clairvoyant, because he referred to a fund that I was told the other day was not even in existence at the time he worked for New Zealand First? That is the kind of shambolic, hopeless, useless journalism that I am required to live with in this country.

**Rt Hon HELEN CLARK:** I did indeed see that particular press statement, and I have observed the member’s comments on the news media. My views on the news media may or may not be something I bother to write about at some future point of my life.

**John Key:** Can the Prime Minister confirm, then, that the difference between her leadership and my leadership is that I would actually ask some questions and get some answers, which she is failing to do?

**Rt Hon HELEN CLARK:** The difference between his leadership and mine is that I do not call something “communism by stealth”, then endorse it; I do not call an interest-free student loan policy the “greatest waste of public money ever”, then endorse it; and I do not have my dogs saying that the policy of 20 hours’ free early education is a terrible thing and should be stopped, then turn round and try to imply that I support it. The difference between my leadership and his is that from the time I entered this House I have had a set of principles; he has never had one. [*Interruption*]

**Madam SPEAKER:** Order! Members have had an opportunity to express themselves, and we have all heard you. I call the Rt Hon Winston Peters for a supplementary question.

**Gerry Brownlee:** I raise a point of order, Madam Speaker. You are aware that all parties know exactly what their allocations of both primary and supplementary questions are. New Zealand First has used the allocations put in front of it today. Do we assume that a nice cosy little deal has been done with the Labour Party to let Mr Peters get back on his feet?

**Madam SPEAKER:** The member knows that deals are done by all parties in this House from time to time—not just one party. It is not a deal; it is an arrangement. I think you will recall, Mr Brownlee, that your party gifted an extra question to ACT. That is perfectly in order, provided that the Speaker knows. The Speaker knows that questions have been given to New Zealand First; the matter ends there.

**Gerry Brownlee:** I raise a point of order, Madam Speaker. You have just been able to tell the House and anyone who is really interested—and I am sure people are not—that ACT took a question from National, and that National gave it to ACT. Our question simply is who has given these questions to New Zealand First.

**Rt Hon Winston Peters:** It defies any rational explanation that someone rises to his feet and makes that point of order when I have had only four questions. The guy cannot count. That is the worst thing of all. A woodwork teacher must know measurement with exactitude; otherwise, one would get a terribly faulty product.

**Madam SPEAKER:** Be seated. This is ridiculous. Members should also know that allocations for one day can be changed to another. I am quite happy, at the Business Committee, to go through the rules with Mr Brownlee this afternoon. I would like us now to proceed.

**John Key:** Can the Prime Minister confirm, then, that one of her principles that she has lived by is integrity, upholding the integrity of Parliament, upholding the integrity of her executive; is that the case, or is one of her new principles that anything that is not deemed to be illegal in her book is OK?

**Rt Hon HELEN CLARK:** I follow very closely all developments concerning Ministers, and I always act on advice. But I do not put myself in the position of that member, who was a rugby-playing, Muldoon-admiring student who could not remember where he had stood on the Springbok Tour, and who could not remember that he had stood in this House and denounced the Labour-led Government for opposing the war in Iraq, but turned round and said he had never said that; nor am I like that member in that he said he had always believed in the problem of climate change, when in this House he had said it was a hoax. I stand by my word of consistency, unlike that member, who will say anything, just like a short-term money trader.

**Rt Hon Winston Peters:** I seek leave to table the Companies Office record of Cynotech Holdings Ltd, the address of one Craig Foss MP, and also his pecuniary interest declaration.

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

**Rodney Hide:** Can the Prime Minister assure the people of New Zealand that her Government is above even the suspicion of corruption; that her Minister Winston Peters did not receive a gift of \$100,000 from an overseas billionaire seeking to be made an honorary consul; and that Winston Peters did not solicit \$25,000 from Sir Robert Jones that disappeared into a slush fund administered by Winston Peters' brother, to be spent on who knows what?

**Rt Hon HELEN CLARK:** Following news media reports on this matter, it is quite clear that Sir Bob Jones agrees that he wrote a cheque that went to the Spencer Trust. If he has issues, he should take them up there. Secondly, we have it on the word of Mr Peters' lawyer that he advised Mr Peters only at 5 o'clock on 17 July of the payment from Mr Glenn in respect of legal fees.

**Rt Hon Winston Peters:** I seek leave to table an article from today's—of all papers—*New Zealand Herald*, which totally refutes what it wrote on day one. Audrey Young finally got it right, 5 days later.

Document not tabled.

### **Budget 2008—Cash Deficit Forecasts**

**2. H V ROSS ROBERTSON (Labour—Manukau East) to the Minister of Finance:** What are the Budget forecasts for cash deficits over the next 4 years, and what changes are likely to these forecasts in the Pre-election Economic and Fiscal Update?

**Hon Dr MICHAEL CULLEN (Minister of Finance):** The fiscal forecasts presented with the 2008 Budget Economic and Fiscal Update show cash deficits over the next 4 years of around \$3.5 billion a year. It is likely that the Pre-election Economic and Fiscal Update will show an increase in these deficits since the end of June tax update, which will show that tax receipts for the 2007-08 year were some \$700 million below the Budget forecast.

**H V Ross Robertson:** Can he tell the House what reports he has seen on the importance of these forecasts?

**Hon Dr MICHAEL CULLEN:** I have seen a report indicating that neither changing economic conditions nor fiscal imperatives should make any difference to plans for major reductions in Government revenue. At a time of considerable international instability, when two Australian-owned banks operating in New Zealand have just made major write-downs and when the US Government has just announced the biggest fiscal deficit in America's history, it is extraordinary that somebody should take a short-term money market manipulator's view of the management of the New Zealand economy. It is no wonder that on TV3 last night, when Mr English was trying to deny that borrowing would be required for further tax cuts, he lifted his eyes to the heavens and said: "I had better not comment any further."

**Hon Bill English:** Why should the New Zealand public believe any statements on economic management from that Minister when he has spent 7 years railing against borrowing at the same time as cutting taxes and then, in the 2008 Budget, he cut taxes, borrowed \$6.4 billion, and sold \$6.4 billion of State assets to finance his cash deficits?

**Hon Dr MICHAEL CULLEN:** The member may make it up as often as he likes, and he always does. Every Budget that I have presented—*[Interruption]* the one thing about this sound system is that the person in control gets heard, and the squeaking does not get heard—has shown surpluses turning into deficits over time, the economy continuing to outperform, and, therefore, cash surpluses continuing to eventuate. Anybody who believes, in the current international and domestic situation, that the Budget forecasts will be better at election time than they were at Budget time is living

in a dream world. That member knows that the promises being made by his leader up and down the country cannot be met without either further borrowing or without making cuts to State spending—and we know one of the ways that those members will do it.

**H V Ross Robertson:** Can the Minister, therefore, tell the House what further reports he has received on fiscal management?

**Hon Dr MICHAEL CULLEN:** I have seen an even further extraordinary report that commits to keeping the entire Working for Families package and goes on to suggest that this should have no impact on the affordability of tax cuts of \$50 a week over and above the \$10.6 billion of tax cuts announced in Budget 2008. This report from Mr Key, who previously described Working for Families as “communism by stealth”—[*Interruption*] Oh, it was actually communism by stealth, he says. He says that it was communism by stealth, but if a National Government did it, then presumably it would be capitalism by stealth. If it was communism by stealth, and if it was a costly welfare monster, it shows, in fact, that the National Party faces three choices: to have a promise of much larger tax cuts, it either has to cut services, borrow more, or flip-flop yet again. If one can change one’s mind on every promise one has made in the last 2 or 3 years, then why would one not change one’s mind on the promises one makes before an election, once the change happens? Remember what the member’s motto is, as revealed in the *New Zealand Herald*: “whatever it takes”—whatever it takes.

**Hon Bill English:** I seek leave to table the 2008 Budget, which contradicts Dr Cullen and shows he did borrow—

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

### **Crown-connected Organisations—Board Appointments**

**3. GERRY BROWNLEE (National—Ilam) to the Minister of State Services:** What guidance documents, if any, are Government departments and Ministers expected to use when making appointments to the boards of Crown-connected organisations?

**Hon DAVID PARKER (Minister of State Services):** There are a number of documents, including the State Services Commission *Board Appointment and Induction Guidelines*, last revised in May 2007, and a number of Cabinet Office circulars.

**Gerry Brownlee:** Can the Minister confirm that the Government is observing the constitutional convention that no appointments are made to Crown boards in the 3 months prior to a general election, and therefore the date for the election this year must be 8 November unless a confidence vote is lost prior to that time?

**Hon DAVID PARKER:** I can confirm that the Government has adhered, and always will adhere, to that convention. But I would say that the cries from the National Party are more double standards on the part of National, and I would instance the appointment by the party of its front-man for anonymous donations, Robert Brown, from the Waitemata Trust that last election pumped \$1.4 million into National Party coffers—the same Robert Brown who was appointed by National as chair of Transit New Zealand.

**Louisa Wall:** Kia ora, Madam Speaker; tēnā koutou katoa. What evidence does the Minister have, on looking at recent appointments, that under a Labour Government the best person is appointed to the job?

**Hon DAVID PARKER:** I would say that the Labour Government is far more balanced when it comes to appointments than National ever was, and if any evidence is needed of that I would point to the recent appointments of former National Prime Minister Jim Bolger as head of KiwiRail, and today’s appointment of former National Minister Paul East as a governor to the board of Radio New Zealand.

**Gerry Brownlee:** If the Labour Government is so very balanced about the way it makes its appointments, can the Minister confirm that Mike Williams, the president of

the Labour Party, was recently appointed to the board of the New Zealand Transport Agency—which brings the number of Government-appointed boards that he sits on to five, with an annual salary somewhere north of \$140,000 a year—and is it true that Mr Williams gets so many appointments because the Prime Minister is sick of digging him out of trouble every time he opens his mouth, so the Government has to give him lots of jobs to keep him busy and to keep him quiet?

**Hon DAVID PARKER:** I can confirm that Mr Williams was appointed to the new transport agency, but not as chair—unlike the appointment of Mr McCully's mate Mr Brown, who was appointed as chair to Transit under National, and who is the same man who fronts the Waitemata Trust.

**Gerry Brownlee:** Has the Minister, in fact, confirmed for the House today that the Government is following all of the constitutional requirements when it comes to making appointments, and that, therefore, the only possible election date now available to the Prime Minister is 8 November?

**Hon DAVID PARKER:** No, it is not, and what I confirmed was that the Government is abiding by the convention.

**Gerry Brownlee:** Is the Minister therefore suggesting that the Government is wilfully breaching the constitutional convention that no appointments are made to Crown boards in the 3 months prior to a general election, just as the Government has breached so many other constitutional conventions in its term of office, such as bipartisanship over electoral law reform and the ensuring of neutrality of the Public Service?

**Hon DAVID PARKER:** For a start, the member misstates, or misrepresents, the convention. In terms of the politicisation of things, I would note that the person who has most politicised things in the State services this year was Mr Brownlee in his attempt to politicise the appointment of Mr Rennie as State Services Commissioner.

**Gerry Brownlee:** Will the Minister confirm rumours that scores of Labour Party members around New Zealand are currently updating their CVs and sending them to Ministers in a desperate attempt to get positions on boards before the dying, desperate, out-of-touch Government finally kicks the bucket; and can he tell us whether the Government will beat the record it set last month with 43 appointments in just 4 days?

**Hon DAVID PARKER:** I am sure that the appointees to Government positions—not the least of whom would be Mr East and Mr Bolger—would be insulted by those accusations.

### **Acute Psychiatric Units—Concerns**

**4. SUE BRADFORD (Green) to the Minister of Health:** Does he have any concerns about recent events involving Wellington's and Auckland's acute psychiatric units; if so, what is he doing about them?

**Hon JIM ANDERTON (Associate Minister of Health) on behalf of the Minister of Health:** I am always concerned to hear of any incidents involving a death that might have been preventable. No physical or mental health service anywhere in the world, of course, is perfect. Some failings within the Auckland system have already been acknowledged, but I am satisfied that, by and large, New Zealand's services—both physical and mental health services—are improving. In relation to the most recent Wellington case, Capital and Coast District Health Board has assured the Government and the public that cost never plays a part in its treatment decisions around discharge from a mental health service. All of the events that the member refers to have been, or are being, investigated by the district health boards concerned and by other independent agencies, such as the coroner, and, in the case of the Auckland and Christchurch district health boards, by independent external reviewers. Any recommendations that are made

will be closely adhered to. What I can say, without going into any detail, is that the details of the particular case in Wellington are more complex than any media report can, or could, do justice to.

**Sue Bradford:** Why does the Minister think it is acceptable that 4 years after Capital and Coast District Health Board promised to build a new unit to replace the archaic and inadequate ward 27, the district health board has now announced it will not go ahead with that unit, despite situations like the recent tragic death of Nicole Maconaghie?

**Hon JIM ANDERTON:** I think that part of the reason that ward 27 has not been expanded at this point, or replaced, is that a 10-bed house for people with acute mental illness is due to open in Wellington this year. Some patients will be admitted to the house, reducing pressure on the hospital ward. Capital and Coast District Health Board says that people who need high levels of support will get them in the hospital and will be treated there, and, of course, because of the extra facilities outside in a rehabilitative sense, the pressure is off that ward in comparison with what it once was.

**Barbara Stewart:** Is he aware of the statement by Karin Keith from the Wellington Mental Health Consumers Union that Wellington simply does not have enough beds for the acutely mentally ill; if so, would he concede that one solution to that problem would be the further development of such facilities at Kenepuru Hospital?

**Hon JIM ANDERTON:** I am not able to make that concession, as it is an operational issue for the district health board.

**Sue Bradford:** Will the Minister be taking any action on the situation in Auckland, where ongoing pressure on the overstretched and under-resourced Te Whetu Tawera unit continues to be linked with patient deaths on an ongoing basis and with violence and sexual abuse within the unit itself?

**Hon JIM ANDERTON:** I know that there has been an external review and that that report is now available but is under court injunction. Until such time as the court injunction is removed no public comment is possible, but I am sure that when the report is made public the Government will act on any recommendations in it.

**Dr Jonathan Coleman:** Does the Minister stand by the assurance he gave to the Health Committee on 25 June that the full results of the independent reviews into the Auckland and Christchurch acute psychiatric units will be released and acted on before the election; if so, why does he not just get on and release them?

**Hon JIM ANDERTON:** In relation to the Auckland report—as I said in answering the immediately preceding question—as I understand it, that report is under court injunction and cannot be released until the injunction is lifted. In the case of the Christchurch report, I happened to have a meeting with clinicians in the mental health unit in Christchurch last week, and they informed me that they believe the report will be available within a week or so. As far as I know, the Government intends to release the full report and the recommendations will be adhered to.

**Sue Bradford:** Does the Minister have any comprehension that regardless of the report that, he says, is under court injunction, there actually is a serious ongoing crisis at Te Whetu Tawera and with the step-down accessibility for patients from that unit, and that that report is going to go nowhere near to addressing it; and will the Minister do anything to impress on the Auckland District Health Board the seriousness of the situation and the fact that major changes need to be made up there, for the benefit of both staff and patients affected by the ongoing crisis?

**Hon JIM ANDERTON:** As I said, there has been an acknowledgment by the Auckland District Health Board that there are deficiencies in the system. I cannot comment on the report because, as I said, it is under court injunction and I have not seen it. But when the report is available, I am sure that the Government will act as fast as it

can on its recommendations and ensure that the improvements that may well be necessary are made.

### **Vote Health—Funding and First Specialist Assessments**

**5. Hon TONY RYALL (National—Bay of Plenty) to the Minister of Health:** What has been the percentage change in Vote Health funding from calendar year 2001 to 2007, and what has been the percentage change in surgical first specialist assessments over that same period?

**Hon DAMIEN O’CONNOR (Associate Minister of Health)** on behalf of the **Minister of Health:** As the member should be aware, Government spending is reported by financial year, not by calendar year. I am advised that total operational expenditure on Vote Health increased by 70 percent between the 2001 and 2007 financial years. A lot of that investment has been in the primary health care area, where the cost of visiting a general practitioner has fallen dramatically and most prescriptions now cost no more than \$3. I am advised that in the same time frame the number of surgical first specialist assessments remained relatively static.

**Hon Tony Ryall:** If the health budget has increased by 70 percent since 2001, why has the number of surgical first specialist assessments, the gateway to surgery, in fact fallen by 3 percent?

**Hon DAMIEN O’CONNOR:** If that member would do his homework and read a press release put out in October of last year, he would find there is a clear explanation of why first specialist assessments are not the same as elective procedures. Can I read out an explanation for that member: “Better assessment in primary care before people are referred for a FSA”—a first specialist assessment—“the introduction of GPs as liaison staff within hospitals and greater awareness of the threshold for surgery mean the number of FSAs is also naturally falling.” For example, in the Canterbury District Health Board area alone, although there has been a 100 percent increase in hip and knee replacements, from 550 to 1,100, since 2004, that has been achieved with a reduced number of first specialist assessments being required. Can the member not understand what happens in the health system?

**Lesley Soper:** Can the Minister confirm that notwithstanding Mr Ryall’s constant attempts to undermine the health system, the number of elective surgeries has in fact increased under this Labour-led Government; if so, by how many?

**Hon DAMIEN O’CONNOR:** The facts speak for themselves. Last year alone there were over 7,000 more elective surgery discharges than in the previous year. That is a significant change under this Labour-led Government. The question that we really should be putting in this House is: what is the National Party’s health policy, and which parts of it, when its members finally announce it, will they change, either before the election or, indeed, after the election? What do they stand for, in terms of health care?

**Hon Tony Ryall:** How can it possibly be that despite spending an extra \$5.5 billion, fewer people are getting to see a surgical specialist than saw one 8 years ago?

**Hon DAMIEN O’CONNOR:** Can the member not understand English? The simple fact is that through better systems, the numbers who are getting to see those specialists are going on to have more surgery because there is a better vetting system in the primary system before they get there. We are indeed making the system more efficient. With that money we have put in place seven new hospitals, and eight other hospital campuses have been redeveloped. We have 4,000 more nurses and over 1,000 more doctors than we had when Labour took over in 1999. Home-based support has gone up by 250 percent—I can go on and on. The question is: which parts of the system will National change, and what, indeed, is its policy in regard to the public health system?

**Hon Tony Ryall:** How does the Minister of Health explain why, if there are 1,000 extra doctors under the Labour Government and it has spent an extra \$5.5 billion, fewer New Zealanders are getting to see those doctors and getting surgical appointments; is that because there are another 2,200 hospital bureaucrats?

**Hon DAMIEN O'CONNOR:** That is—as we often hear from the National Party—completely inaccurate. More people are getting to see doctors in this country. There are better assessment systems and procedures before those people are referred to specialists. So of the number of people who get to see specialists, more go on to have successful procedures and elective surgery discharges.

**Hon Tony Ryall:** I seek leave to table a document that shows thousands fewer New Zealanders are getting to see a hospital specialist—a schedule.

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

**Hon DAMIEN O'CONNOR:** I seek leave to table a press release of 5 October 2007, which clearly explains for that member's benefit, why in fact—

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

### **Early Childhood Education—Licensing Criteria**

**6. ANNE TOLLEY (National—East Coast) to the Minister of Education:** Did he sign off on the licensing criteria for early childhood education and care centres and the licensing criteria for kōhanga reo on 14 July 2008; if so, does he believe that all of the criteria are necessary and should be rigorously enforced?

**Hon CHRIS CARTER (Minister of Education):** Yes.

**Anne Tolley:** Why is the Minister insisting that centres go to the expense of building a separate sleeping room that they cannot afford and that many of the parents do not want, when the Minister himself is saying to centres that it is all right if parents want their children not to sleep in the room, but they need to have the rooms so that parents can have the choice not to use them—in other words, centres have to build the rooms, but they do not actually have to use them?

**Hon CHRIS CARTER:** Because I believe in parent choice. I believe that parents should have the choice whether they want a secure, safe, quiet area for their children. I thought that that member and her party believed in parental choice.

**Hon Mark Burton:** What reports has the Minister seen about changes to early childhood education licensing criteria?

**Hon CHRIS CARTER:** I have seen many ill-informed comments from National's spokesperson on early childhood education, Paula Bennett, including outrageous and silly comments that the new criteria would force Sunday schools to close. That was said by the same member who has railed against our very successful 20 hours free scheme. But in a now familiar National Party U-turn, she says that National will adopt the policy but, of course, it will not include the word “free”; it just will not be free any more.

**Dail Jones:** When can playcentres and kōhanga reo expect that the criteria for the very successful 20 free hours' early childhood education programme will change so that playcentres and kōhanga reo can also expect to receive the 20 free hours' early childhood education programmes?

**Hon CHRIS CARTER:** Kōhanga reo already qualify. About 280 already qualify because of the percentage of qualified teachers in them, and about half have taken up the 20 hours free scheme. As far as playcentres are concerned, 20 free hours is about lowering the cost. There is very little cost involved in playcentres, so why on earth would we extend it to them? We already provide substantial support to playcentres for the great work they do, but they are parent-led, not teacher-led, centres.

**Paula Bennett:** With regard to separate sleep areas, does the Minister understand that different cultures have different practices for how and where their babies sleep, and did he consult his Associate Minister of Education or his Māori or Pacific Island colleagues to gain an understanding that isolating babies is seen as unsafe practice for many non-European cultures?

**Hon CHRIS CARTER:** As I emphasised in my initial answer, this is about parental choice. Where an unsafe situation occurs, such as that which happened in Albany recently, where a centre had a separate sleeping area—indeed, as 90 percent of existing centres have already—and children were sleeping in a corridor, parents complained and we sorted it out. It is about parental choice, and it is about having a secure, safe area for children to sleep in. I would have thought that the National Party would support such a move.

**Judy Turner:** How can the Minister claim to support parental choice, when, as his answers to previous questions have showed, he has still failed to extend the 20 hours free policy to parent-led centres rather than exclusively to teacher-led centres?

**Hon CHRIS CARTER:** Because 20 free hours is about lowering the cost for parents. Indeed, Statistics New Zealand say that in the year that the 20 hours free scheme has been in place—Labour's scheme, where free means free—costs have dropped for parents by about 30 percent. Where there is very little cost, such as in playcentres, why on earth would we introduce the scheme?

**Paula Bennett:** How can the Minister say that he supports parental choice, when we are getting reports that some centres will have to close down because they cannot and do not have the room to build sleep areas that they will not have to use, and when they cannot afford \$50,000 to get separate rooms built, but the Minister is insisting that they be built but do not have to be used; and how does that support parental choice?

**Hon CHRIS CARTER:** I am surprised that that member has the cheek to rise in this House and raise the question of credibility. That is the member who went around New Zealand telling people that the Labour Government would close down Sunday schools, which, of course, we had no intention of doing—it was absurd. This is about parental choice. That member was on television recently talking about her new grandchild. If she wants her new grandchild to sleep in a room that is secure, safe, and quiet—because all research shows that it is really important for children from the age of zero to 2 to have quiet, uninterrupted sleep for proper brain development—she should have a choice for sleeping arrangements in the centre that that grandchild is sent to. I would have thought she would have supported this.

**Anne Tolley:** I seek leave to table a letter to one of the early childhood groups from the Minister, where he outlines for them that they do actually have to build the sleeping room but there is no proposal to regulate the services practice in relation—

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

**Hon CHRIS CARTER:** I seek leave to table a document with extensive research about why it is really important for children from the age of zero to 2 to have uninterrupted, quiet sleep.

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

**Paula Bennett:** I seek leave to table a document from Te Kohanga Reo National Trust, amongst others, which clearly states that separate sleep rooms are culturally inappropriate—

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

### Working for Families—Reports

**7. LYNNE PILLAY (Labour—Waitakere) to the Minister for Social Development and Employment:** What recent reports, if any, has she received on the Working for Families package?

**Hon RUTH DYSON (Minister for Social Development and Employment):** I have seen a transcript from last Sunday's *Agenda* programme, where the Leader of the Opposition said he would not change Working for Families. That statement completely contradicts previous statements from Mr Key that said National opposed the Labour-led Government's Working for Families expansion "with every bone in our bodies". He described the expansion as "communism by stealth".

**Lynne Pillay:** Has the Minister seen any other recent reports on the Working for Families package?

**Hon RUTH DYSON:** Yes, I have. Again in that same *Agenda* programme, Mr Key, when answering a question on how National could afford big tax cuts and Working for Families, suggested "a slightly different abatement rate" for Working for Families, such as National proposed in 2005. That proposal was to reduce the threshold for abatement by \$5,000. Yet again, that proposal contradicts the supposed no-change position.

**Hon Tariana Turia:** Tēnā koe, Madam Speaker; tēnā tātou katoa. What actions have been taken to respond to the report produced in April 2007 by the Ministry of Social Development, which revealed that many beneficiary families were falling below the very lowest poverty line despite Working for Families, and were being hard hit by price increases in fuel and food, with nothing in reserve?

**Hon RUTH DYSON:** I have three points in response to the supplementary question from the Hon Tariana Turia. The first is that the report noted, right at the very beginning, that its data had not included the latest Working for Families extension, so it is out of date. It was published prior to the extension of Working for Families. We have ensured that every year there has been an annual adjustment to benefits to reflect the consumer price index, and most recently I have announced a doubling in both the special needs grant and the food grant entitlement.

**Lynne Pillay:** What would be the effects of reducing the Working for Families threshold for abatement by \$5,000?

**Hon RUTH DYSON:** An estimated 11,000 families would no longer receive Working for Families tax credits, and a further estimated 160,000 families would see a reduced entitlement. The savings from such a move would be around \$165 million—nowhere near enough to pay for the extra tax cuts Mr Key has promised, or not promised, depending on which audience he is speaking to. In fact, under that proposal, effective marginal tax rates would increase by 20 percent.

**Hon Tariana Turia:** Does the Minister agree with the Child Poverty Action Group that our poorest children have been left behind in a callous disregard for their well-being, and for the future societal and economic costs of our nation; and what will she be doing to support the children who fall into the category of the poorest of the poor?

**Hon RUTH DYSON:** I am very proud of the fact that because of our Government policies 130,000 fewer children are now living in poverty than were 9 years ago. That is an achievement we should all be proud of, but we know there is more work to be done.

### Climate Change (Emissions Trading and Renewable Preference) Bill—Changes

**8. Hon Dr NICK SMITH (National—Nelson) to the Minister responsible for Climate Change Issues:** What changes will the Government be prepared to make to the Climate Change (Emissions Trading and Renewable Preference) Bill to ensure it passes?

**Hon DAVID PARKER (Minister responsible for Climate Change Issues):** The bill, as reported back from the select committee, is in very good shape. Talks with other parties are continuing.

**Hon Dr Nick Smith:** How successful are the discussions progressing with New Zealand First and what are the changes being contemplated to secure its support?

**Hon DAVID PARKER:** Talks with support parties are continuing.

**Moana Mackey:** What reports has he seen on the emissions trading scheme in the light of recent Australian announcements?

**Hon DAVID PARKER:** I have seen a *Sunday Star-Times* report that states National's " 'wait-for-Australia' stance has crumbled beneath it.", given that the Australian Government intends to proceed with a similar scheme to ours. Yet National still finds excuse for delay. Its members tell different stories to different audiences but consistently oppose every meaningful step we take.

**Hon Dr Nick Smith:** On how many occasions has the Minister met with New Zealand First to resolve issues over this bill, and when was the latest meeting?

**Hon DAVID PARKER:** A number of meetings have been held. In respect of parties other than New Zealand First, I note that the same article from the *Sunday Star-Times* I quoted from went on to say: "Now Nick Smith, its spokesman on climate change, says National 'has no real issue' with 80% of the emissions bill." It went on to say: "If it has a scrap of self-respect left, it will resume co-operation on ... the emissions trading bill". But, of course, it does not; there are just more excuses for delay.

**Hon Dr Nick Smith:** What is the Minister's current estimate of the prospect of this legislation being passed prior to an election, noting that 8 weeks ago Ministers were saying 70:30 were in favour, 4 weeks ago they were saying the figure was 50:50, but last week Ministers were saying the figure was 70:30 against—and is this not just code for saying the Government does not have the numbers?

**Hon DAVID PARKER:** The member was not quoting me. If he had, he would have said that I had previously said that I was optimistic, and I remain optimistic.

**Dr Pita Sharples:** Tēnā koe, Madam Speaker. Does the Minister stand by his statement to the Local Government and Environment Committee that the fact that the emissions of the Ministry for the Environment have risen by 22 percent in the past year "reflected the importance of sustainability to the Government's work programme"; and when will we actually see progress made on an emissions reduction programme?

**Hon DAVID PARKER:** I cannot recall offhand whether the statistic read out was the exact figure. I accept that growth in the number of people in the Ministry for the Environment is a consequence of this Government's focus on sustainability issues, and that emissions from that department have increased. However, I would also note that we have ambitions and programmes running across Government to reduce governmental emissions. One of those projects, for example, is to reduce Government department transport emissions by 15 percent by 2010 or 2012—I forget the exact date.

### **KiwiSaver—Employer Contributions**

**9. DARIEN FENTON (Labour) to the Minister of Labour:** What changes is he planning to make to the Employment Relations Act 2000 regarding employer contributions to KiwiSaver?

**Hon Dr MICHAEL CULLEN (Minister of Finance) on behalf of the Minister of Labour:** The Employment Relations Act is to be amended to ensure that employers pay the employers' contribution to KiwiSaver and not deduct that contribution from the employees' own total remuneration. The Government is providing a \$20 a week tax credit for employer contributions, which will cover the full cost in the first year of up to \$104,000 of employee income. It is unethical for employers to then deduct their

contribution from an employee's remuneration and claim a \$20 a week tax credit for something that cost them nothing.

**Darien Fenton:** Why are these changes necessary?

**Hon Dr MICHAEL CULLEN:** The changes are necessary because some employers have been pressuring employees to fund the employer contribution. Indeed, some have simply told employees that that would happen. If this were allowed to continue, the scheme would become an 8 percent individual employee contribution, rather than a 4 percent employee contribution plus a 4 percent employer contribution arrangement as at present. In Australia, it is a 9 percent employer contribution—the employee meets none of the cost of his or her superannuation scheme.

**Darien Fenton:** What has been the reaction to these proposed changes?

**Hon Dr MICHAEL CULLEN:** The Employers and Manufacturers Association (Northern), which has admitted to engaging in this practice itself with its own employees, has sent newsletters and taken out newspaper ads calling this a busybody attitude. I understand that the public relations company running this campaign for the Employers and Manufacturers Association (Northern) is the same one that advised former National Party leader Dr Don Brash. The National Party might be interested to know that the company supports mates of theirs in business taking money from their employees and then pocketing a tax credit from the Government.

### **Agriculture and Forestry, Ministry—Confidence**

**10. Hon DAVID CARTER (National)** to the **Minister of Agriculture:** Does he have confidence in his ministry?

**Hon JIM ANDERTON (Minister of Agriculture):** In the succinct language of that member's leader, it is almost certainly likely.

**Hon David Carter:** Does the Minister think it is acceptable that the Ministry of Agriculture and Forestry, after approving a highly promising sustainable farming project, and despite that project meeting all the set conditions, then allowed the project to languish for 5 years before making the promised \$250,000 available; if so, why?

**Hon JIM ANDERTON:** I have to presume, because the member did not say so, that this money is from the Sustainable Farming Fund.

**Hon David Carter:** I did say that.

**Hon JIM ANDERTON:** Right. The Sustainable Farming Fund is administered by the Ministry of Agriculture and Forestry—

**Hon Dr Nick Smith:** Because the Minister is hopeless.

**Hon JIM ANDERTON:** Well, I think the rest of the House gets an idea about hopelessness when they hear from Mr Smith. The ministry administers the Sustainable Farming Fund, not the Minister. It is an independent process.

**Hon Dr Nick Smith:** 5 years!

**Hon JIM ANDERTON:** If this project has taken as long as that to authorise, then I can only assume that those who were responsible for the authorisation did not have confidence in the project until such time as all the information was obtained, and that they then approved it.

**Hon David Carter:** In light of the Ministry of Agriculture and Forestry's internal memo admitting that the incident was "extremely embarrassing for MAF" and that its "communication had been extremely poor", why did the Minister have the key official responsible for this fiasco appointed to his office as his senior adviser?

**Hon JIM ANDERTON:** The official who is in my office was the official who actually instigated the Sustainable Farming Fund. There is one thing worse than taking 5 years to approve a project under the Sustainable Farming Fund, and that is not having a Sustainable Farming Fund, which was the position under the National Government.

We would not have been waiting 5 years for a project; we would have been waiting forever, because it never had a fund in the first place.

**Hon David Carter:** Does the Minister think it is acceptable that the Ministry of Agriculture and Forestry completely ignored 12 months of correspondence asking for an update on the funding status of this project, including complaints to the Ministry of Agriculture and Forestry's director-general, to the Minister of Māori Affairs, and to himself as the Minister of Agriculture; if not, what has he since done about it?

**Hon JIM ANDERTON:** I know—and the member may not, because he is described by many as the invisible spokesperson for the National Party on agriculture—that throughout New Zealand unequivocally farmers and farmers' organisations are strongly supportive of the Sustainable Farming Fund. They think it is the best investment programme for research and development that any Government has ever instituted, and they are waiting with bated breath to see how someone like David Carter, if he ever gets the chance, might maladminister it.

**Hon David Carter:** I seek leave to table the Ministry of Agriculture and Forestry's internal memo, which states amongst other things that all failings—and there have been many of them—appear to have been at the Ministry of Agriculture and Forestry's end.

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

#### **New Zealand - United States—Diplomatic Relationship**

**11. R DOUG WOOLERTON (NZ First) to the Minister of Foreign Affairs:** Is he satisfied that the diplomatic relationship between New Zealand and the United States of America is improving; if so, why?

**Rt Hon WINSTON PETERS (Minister of Foreign Affairs):** Secretary Rice's visit to New Zealand was a great success, and it reflected a stronger and improved relationship between our two countries. Indeed, her visit confirmed that the relationship is recognised by both sides to be the best it has been for decades. The Secretary's visit also confirmed that both sides are continuing to take a positive and forward-looking view of the relationship. As I noted in my remarks to the United States - New Zealand Council session at Auckland on Saturday night: "We have agreed at the highest levels that it is in the interests of both countries to work for a relationship that is defined by what we share and have in common, not by our differences. Both sides share a determination to modernise our already strong and enduring relationship and frame it in a contemporary setting."

**R Doug Woolerton:** How is our relationship with the United States of America evolving, to enable us to face the challenges of the 21<sup>st</sup> century today and into the future?

**Rt Hon WINSTON PETERS:** It has been a dramatic evolution, with a lot of work going in over a long time. But now we are starting to see the fruits of this in our cooperation in the Pacific, in the refocusing by the United States of the Pacific, as imaged by the recent meeting of foreign Ministers in Samoa that was significantly attended, and in some real issues to do with the long-term sustainability of energy, in particular, of the islands. We see it also in our work on countries like North Korea—the joint efforts to get rid of nuclear weapon threats in the peninsula—and in the kind of progress we are making there and in many other areas around the world. In short, New Zealand is seen to be a country that is able to make significant contributions as a good neighbour in the region and, indeed, in the world.

### **Housing New Zealand Corporation—Confidence**

**12. PHIL HEATLEY (National—Whangarei)** to the **Minister of Housing**: Does she have confidence in Housing New Zealand Corporation; if so, why?

**Hon MARYAN STREET (Minister of Housing)**: Yes; much more than I would have had when the corporation was effectively a real estate agency under the last National Government.

**Phil Heatley**: How did a New Lynn State house tenant manage to illegally sublet that State house for 8 years and 6 months, right under the nose of the corporation?

**Hon MARYAN STREET**: A review of investigation processes around subletting was carried out last year, and better processes are used now than have been used previously.

**Hon Steve Maharey**: Has she seen any reports about plans to sell State houses?

**Hon MARYAN STREET**: Yes. I have seen a report that National is telling tenants it will sell their houses to them. Unfortunately, this policy is unaffordable for the vast majority of tenants, as the average income of State house tenants is just over \$17,000 a year, and they can therefore afford a mortgage of only \$52,000. However, the average value of a State house is over \$300,000 in Auckland and Wellington, and \$230,000 in Christchurch. This is just another example of National telling people what it thinks they want to hear, and I think it should stop leading people up the garden path.

**Phil Heatley**: How did this State house tenant manage to sublet a State house illegally for 8½ years, under the corporation's nose?

**Hon MARYAN STREET**: I advise the House that tenants who sublet their properties are in breach of their tenancy agreements, and Housing New Zealand Corporation will seek remedy in the Tenancy Tribunal in such cases. Sometimes the facts are not immediately apparent.

**Phil Heatley**: I raise a point of order, Madam Speaker. I have spent two supplementary questions asking the Minister how a State house tenant illegally sublet a house under the corporation's nose for 8½ years. She has not answered how that person managed to get away with that.

**Madam SPEAKER**: I have listened carefully, Mr Heatley. You raise this point every time you ask questions, as you are perfectly entitled to do. However, that is why I listened especially carefully to the answers. The Minister addressed the question.

**Phil Heatley**: How did another State house tenant manage to sublet a State house for 8 years and 3 months, under the corporation's nose?

**Hon MARYAN STREET**: Cases of subletting are not immediately obvious to Housing New Zealand Corporation. I also advise the House that as at 30 June 2008 only 1.5 percent of all cases referred to the investigations unit were proven to be subletting. That is 54 proven subletting cases out of 3,500 referrals.

### **URGENT DEBATES DECLINED**

#### **Māpua Site—Report on Contamination Remediation**

**Madam SPEAKER**: I have received a letter from the Hon Dr Nick Smith seeking to debate under Standing Order 380 the report of the Parliamentary Commissioner for the Environment on the investigation into remediation of the contaminated site at Māpua. This is a particular case of recent occurrence involving ministerial responsibility, and the release of the report is a particular case of a recent occurrence that does involve ministerial responsibility. However, there needs to be an element of urgency for the business of the House to be set aside. Working through the report's recommendations will take time. Other parliamentary opportunities are available to consider the report's recommendations. The estimates debate is set down on today's Order Paper. This

debate will provide an opportunity to debate any policy initiatives arising from the report. The application is therefore declined.

## **ESTIMATES DEBATE**

### **In Committee**

**The CHAIRPERSON (Hon Clem Simich):** The Standing Orders provide for 8 hours of debate on the estimates. Each member may have no more than two speeches of 5 minutes on each vote. The estimates debate should be relevant to the Government's current spending plans as contained in the Estimates of Appropriations. As each vote is reached, the question will be put that the vote stand part. If it is the wish of the Committee, I will put the question on groups of votes, by Minister, until a vote is reached that members seek to debate. A separate question on this vote will then be proposed from the Chair. Should it be the wish of the Committee, a question may be proposed on two or more related votes, for the purpose of debating them together. At the conclusion of the 8 hours of debate, any remaining votes and the remaining provisions of the bill will be put as one question. The Government indicates which votes are available for debate; I understand that all votes are available, and they will be called in order of seniority of Ministers, commencing with the Speaker's votes. Copies of the order of votes to be considered are available at the Table.

**Vote Office of the Clerk** agreed to.

**Vote Parliamentary Service** agreed to.

**Vote Audit** agreed to.

**Vote Ombudsmen** agreed to.

**Vote Parliamentary Commissioner for the Environment** agreed to.

**Vote Arts, Culture and Heritage** agreed to.

**Vote Communications Security and Intelligence** agreed to.

**Vote Ministerial Services** agreed to.

**Vote Prime Minister and Cabinet** agreed to.

**Vote Security Intelligence** agreed to.

**Vote Attorney-General** agreed to.

### **Vote Finance**

**Hon BILL ENGLISH (Deputy Leader—National):** I wonder whether the Minister in the chair, the Hon Dr Michael Cullen, is able to answer a couple of questions regarding the Government's KiwiSaver proposals. First, there now seems to be a good deal of confusion and, even more, concern about where KiwiSaver might be headed, so can the Minister tell us whether the Government is actually proposing some legislation? It is difficult to get to grips fully with the detail, or implied detail, of the Hon Trevor Mallard's proposals until, or unless, there is legislation, so we would like to know about that.

Secondly, given this issue is very contentious, more among employees in my view than among employers—a very contentious issue—can the Government give some reassurance that if it decides to put this measure on a fast track, as some kind of pretence at a costless pre-election bribe, it will allow an opportunity for those people

who, in every workplace in New Zealand, will be affected by it to have some say on it? Just in case anyone is concerned about why people should be allowed some say on what sounds like a technical measure, can the Minister explain why the Government is moving away from a long-held principle of employment law—the principle of equal remuneration—and does he concede that the proposal put up by Trevor Mallard will have the effect that people who were on the same pay, working alongside each other in a workplace doing the same job, will end up on different pay? The one who is able to go into KiwiSaver will be paid more, and the other who cannot or does not want to go into KiwiSaver will be paid less. In the terms that the Minister originally proposed, that strikes us as divisive and unfair in any workplace, because in every workplace there are people who cannot afford to go into KiwiSaver, or who for their own good reasons, like wanting to pay off their own debt, do not go into KiwiSaver. But the Government seems keen to punish them.

I might point out to the Minister the comments of Matt McCarten, one of his erstwhile colleagues, or erstwhile allies—not a colleague but an ally, and now a strong opponent, from what I can see—who has pointed out that the people who will be hardest hit by this are the low paid. A small proportion of the workforce can go into KiwiSaver and become a privileged few in the workplace at the expense of other workers. That is really the key issue. If some people are to get paid more because the Government has legislated for it, others are to get paid less.

Can the Minister answer some of the questions about borrowing, which he raised yesterday with some vigour and enthusiasm? Can he contradict, as he should, what he said in the House today? Will he confirm that in the 2008 Budget the Government, as the Minister has acknowledged, clocks up an average cash deficit of \$3.5 billion over the next 4 years, and can he confirm that he is financing that deficit in two ways—first, by selling State assets: \$4.6 billion of financial securities, which are just as much an asset—

**Hon Dr Michael Cullen:** Ha, ha!

**Hon BILL ENGLISH:** Oh, so they are not real assets? They are \$4.5 billion worth, with the taxpayer's name on them, and he is going to sell them to cover his cash deficit.

But that is only half. He is going to borrow \$4.5 billion to cover the other half of his cash deficit. So how will the Minister in the chair manage to do that? It will be, perhaps, in the fashion of Mr Peters' approach—you know, the guy who is doing it is the one who is most vigorously accusing everyone else of doing it. In this case Dr Cullen is actually doing the borrowing, and apparently that is less significant, less politically relevant, than the hypothesis that a National Government might do some borrowing. I would like the Minister just to clear up his position. After his having said for 7 years that any tax cut means borrowing, how does he now explain the fact that in the 2008 Budget he is cutting taxes—contradicting everything he has ever said—and that he is borrowing?

**Hon Dr MICHAEL CULLEN (Minister of Finance):** The member is being just too clever by half. Earlier today he tried to claim that there was something significant about the fact that there had been borrowing in the past, when, in fact, we said we were borrowing for measures for the Government. Let me just try to take the member through it.

Firstly, thanks to past borrowing practices, Government repayments of debt are very lumpy. Debt comes up for repayment from year to year in highly variable amounts, so the Government has to borrow in order to repay the previous debt when it does not have a sufficient cash surplus on top of everything else to repay that debt in that year. Secondly, in response to the financial markets and as proper fiscal and economic management, the Government has had a programme of a constant level of bond issuance

over recent years, at about \$3.5 billion a year, so that the markets have certainty and those in investment companies and the like have the assurance that high-quality money is out there in terms of Government bonds, etc.

Thirdly, of course, over the last 4 or 5 years we have forecast that we will be moving from substantial cash surpluses to substantial cash deficits. It may come as a surprise to the member, having forgotten what it is like to be in Government, but one actually bases one's Budget on one's forecast, not on what one sees in the rear-vision mirror. One does not get to the end of the year and say: "Oh, my goodness me! I should have borrowed \$5 billion in the last year. Let us go and borrow it now." One actually tries to forecast what one's cash flows will be required to be, and one borrows and obtains revenue on the basis of those cash flows.

Of course, the forecasts are sometimes wrong, and adjustments have to be made to that borrowing. And yes, indeed, part of the way in which we are moving into cash deficits, and the reason why we are moving into cash deficits over the next 4 years in order to fund the Government's programme, is that we are running down the cash on hand, which has built up because we have borrowed—

**Hon Bill English:** Yeah—State assets.

**Hon Dr MICHAEL CULLEN:** Mr English is being too clever again, and he should not try so hard to do that, because it does not become him. Although Mr Key says National would not sell State assets, the member is now telling me that a National Government would not run down the cash on hand. Well, if National is not planning to run down the cash on hand in order to fund additional tax cuts over and above the current programme, then how on earth is it planning to fund them except by selling some other State assets, by massively slashing State expenditure, or by having massive further borrowing? Mr English should not try to be too clever when he comes into this Chamber, because he is not good enough to cope with that kind of clever argument once somebody responds to him.

The fact is that nobody in the public thinks that running down the cash on hand is the same as selling Television New Zealand, selling State assets in terms of the electricity generators, selling KiwiRail, or selling Kiwibank. But Mr English says it is the same thing. National says it will not sell State assets, and even if it had built up cash surpluses it would never ever run down those cash surpluses, nor would it not do so in order to fund \$50 a week more in tax reductions than the Government has already promised. The National Party has promised another \$50 a week over and above what the Government has already legislated for; that is the test the National members have set themselves, and National is saying it can do that without extra borrowing, when we have cash deficits of \$3.5 billion a year because we are running down the cash on hand to practically zero over that 4-year period.

**Hon Bill English:** Selling State assets.

**Hon Dr MICHAEL CULLEN:** And the member says that is selling State assets. So when the member has money in the bank and he goes and buys a fridge, he has sold his money. That is Mr English's notion of budgeting. When he has money in his savings account and he cashes it up to purchase an overseas holiday, he has sold his money in the bank. That is Mr English's view of what cash on hand actually means.

This is the man who wants to be the Minister of Finance in this country! We will have a kind of deep, rural ignoramus plus a fast-money, short-term financial market manipulator running the Government's finances if National gets into power. It is no wonder, in response to the Working for Families statements, that Mr Key is being caned in every editorial up and down the country, all of which ask who can believe this man and who can believe what National is saying. Mr English is smiling and laughing—members should look at him. He was on TV3 last night, looking shamefaced, and

repeating the lines from Crosby/Textor: “We won’t borrow for tax cuts. I had better not say any more.” He said on TV3 last night: “I had better not say any more.”, because anything more he said would have got him further into trouble on this matter.

**TIM GROSER (National):** If I am not mistaken this is the last scheduled confidence motion of this Parliament, and we are discussing Vote Finance, which is the very heart of any Government’s programme.

It occurs to me that members of the public listening to this debate may have also listened to the first half of question time today, when some very serious questions were raised by our leader, John Key, about the integrity of a Minister—we were not seeking to answer those questions, but to raise them with the Prime Minister. We received purely procedural answers designed to deflect those questions, and I wonder whether the Government realises that a rather more serious confidence motion will be before it shortly. No doubt it will cobble together sufficient votes to pass this bill, but ultimately I think that the words of the Prime Minister herself apply here. She said that the fate of this Government will be decided in the court of public opinion, and it is perfectly clear to us that the mood of this country is that it is ready for change.

When we look at the overall economic record of this Government within the context of this bill, we see a complete shift in the underlying circumstances of our country. In 2000 the Government was like a kid taking over a candy shop. We had had stellar labour productivity growth, averaging 3.2 percent, in each of the previous 3 years. We had a GDP growth rate of 4.1 percent, at an average of 3.5 percent per year, from 1992 through to 2000. Inflation was at around 2 percent. Unemployment had been falling rapidly from 1991 and was clearly scheduled to fall further. We had the best terms of trade that any Government had enjoyed for 25 years. We had the base laid for massive growing surpluses, which could have been used when the times were good to re-incentivise the New Zealand middle class. Broadly speaking, that was the inheritance that Labour took into office in its first years.

**Hon David Carter:** Where did it go wrong?

**TIM GROSER:** Where those members went wrong, to put it bluntly, was on every single one of those fronts. Let us just go through the record. We now have inflation above 4 percent and probably heading for 5 percent. The great cushion of the last few years, which was assistance on the inflationary front from the tradable sector, has disappeared, and because nothing has been done to address the problems in the non-tradable sector, we now have a major problem on top of an older existing problem. We have an economy that is technically, no doubt, in recession. In spite of the last small reduction in the official cash rate by the Governor of the Reserve Bank in response to a much, much more difficult economic outlook, we still have among the highest interest rates in the developed world. Productivity has tanked. The general picture is one of a very, very different economic framework from the one this Government inherited 9 years ago. In case people think that these are merely abstract economic statistics, I beg to differ. I think that the political rubber has absolutely hit the middle of the road down main street New Zealand, and New Zealanders are feeling this in their daily lives. They are feeling the impact of this as they go about their daily business.

I am particularly concerned about the rise of inflation, given the old cliché that inflation, like pregnancy, is a little hard to contain, and I would like to ask whether the musings of the Minister’s colleague Mr Mallard, when he indicated—and I will reconstruct his remarks as I do not have the exact quotation here—that the central planning framework had worked OK for a decade but now does not look so hot, is something that we should simply disregard as Mr Mallard playing the bad cop, or does it actually indicate that the Government is thinking about giving up? Does it indicate that we are looking at more fundamental changes that will simply lock in inflationary

expectations at this much higher level, with all the consequences that we learnt about for so many years in the 1980s as we adjusted out of double-digit inflation? Is that the way of the future?

**CHARLES CHAUVEL (Chairperson of the Finance and Expenditure Committee):** I apologise to the House—I have just been to the dentist so I might sound a bit strange, but there we go. It is ironic to have heard the last two speakers on the economy, and this is so for a number of reasons. The first reason is that National will not say how it will respond to the current global situation, and that is the fundamental point to make in this debate, in my view. Here at home, people are feeling pain at the petrol pump and at the supermarket checkout, but these problems are not of New Zealand's making. On the other hand, we need to do what we can to manage the economy through these challenges. Labour has put aside money during the good years, and with that money is providing relief where relief is needed. But John Key and Bill English refuse to tell us what public services they would cut to pay for bigger tax cuts, and John Key and Bill English refuse to tell us how much they would borrow to pay for those promises.

There is another reason it is ironic to hear members on the other side speak on the economy, and that is that their numbers do not add up. National will either have to cut public services or borrow to pay for tax cuts. Those are the two choices. It is as simple as that.

It is interesting, just talking about the record, to hear Mr Groser distort the figures. Crown debt never dropped below 35 percent of GDP under National in the 1990s—so much for the halcyon age that he imagined existed then! Labour has paid back National's debt and brought it down to sustainable levels, and gross debt is now close to 20 percent of GDP. That is a very responsible level. This has saved the taxpayer billions in debt repayments, and therefore the householder billions and billions in mortgage repayments. It has allowed Labour to run surpluses in the good years so that it can provide relief and economic stimulus when it is needed. The numbers from the other side just do not add up.

There is another reason why it is interesting to hear members from the other side speak on the economy, and that is that they clearly do want to increase debt. I refer to John Key's words on radio recently. Kevin List, the presenter, asked: "What level of debt is acceptable, then?". The reply: "We're sort of comfortable with a notional debt to GDP of around 25 percent." Well, increasing Crown debt to 25 percent of GDP would cost about an extra \$700 million a year in debt-servicing costs alone, and drive up the average mortgage costs for the householder untold. National is willing to borrow for tax cuts, and it is happy to let our children and grandchildren pay for them. That is not fair.

Last time the global situation worsened, National cut superannuation and public services, and on this side of the Chamber we know that it would do that again. When this Government came into power, the economy was faltering, make no mistake about it. Government debt was unsustainable, and unemployment close to 8 percent. Mr Carter thinks it is funny, but I remember the child poverty rates peaking at one in three New Zealanders in the 1990s. What sort of record is that to brag about in this Chamber and to try to distort the numbers? Remember that our hospitals, our schools, and roads were crumbling from decades of under-investment. I remember the cash registers in our public hospitals. This Government would never countenance that sort of travesty.

Labour is responding to global pressures and providing relief to families. We have provided targeted support where it is needed most, without cutting spending, or borrowing to finance that support. Labour has also provided support for businesses, families, and savers. It has lowered doctors' fees and prescription charges. The cost of most doctors' visits has dropped by an average of \$22. The prescription fee has been

lowered to \$3 from \$15—cut by a factor of five. Labour has provided 20 free hours' early education for 3 and 4-year-olds, provided zero percent interest on student loans, increased the minimum wage nine times in 9 years, and increased superannuation. As I said, we have put the money aside during the good years so that we can deliver relief when relief is needed. When there is a need to stimulate the economy, when stimulus is needed, it is done in a responsible fashion.

On 1 October 2008 there will be a \$10.6 billion programme of tax cuts delivered and fast-tracking boosts to Working for Families. We know that relief is needed as soon as possible and we are delivering it to hard-working Kiwi families. Our tax cuts are responsible and fair to workers. We are not interested in a bidding war. We will do the right thing because it is the right thing for families and the economy, and by the third year of our tax cut programme we will be delivering \$50 a week or more to around 50 percent of all households.

**CHRIS TREMAIN (National—Napier):** I rise to take a call on the estimates debate, and to discuss two particular issues very relevant to the Minister of Finance's own home town of Napier—two issues that deal specifically with Vote Finance. The first is on page 131, where we see \$8 million appropriated to the Hawke's Bay Regional Airport. Something that is missing here, which I also want to talk about, is the \$12.3 million appropriated in the 2006-07 year to the Hawke's Bay District Health Board for the sale of the Napier Hill site. I am keen to ask the Minister a couple of questions about both of those financial issues as they relate to that electorate.

I will start with the Hawke's Bay Regional Airport, which is an issue that has been on the agenda for many years now since this Labour Government has been in office. Dr Cullen and other MPs in that region have campaigned for years on the basis that they would deliver corporatisation of that airport to the region. They have talked that one up on a local level, on and on. They have just had major discussions with the local mayors about this issue; to this point they have not delivered on it. I want to ask the Minister about the \$8 million that has been appropriated. Does he seriously think that it will come through and be appropriated in this financial year, or will we see it being reversed at the end of the financial year? In that regard, I also ask the Minister whether he is genuinely consulting with local iwi in the area. Is he consulting with Minister Parekura Horomia's electorate?

**Hon Parekura Horomia:** Yes, he is.

**CHRIS TREMAIN:** I say to the Minister that I am hearing from the local iwi that they are not being consulted on this issue. They believe the land underlying that particular airport is still available for settlement while it is owned by the two councils. I will be interested to hear from the Minister whether he is in consultation and helping to move that issue forward, because I believe that is an unresolved key issue. That is the first thing.

The second thing I want to discuss with the Minister is the Hawke's Bay District Health Board and the sale of the Napier Hill hospital site. In the 2006-07 year \$12.3 million accrued into the accounts of the Hawke's Bay District Health Board for the sale of the hill site. Now the question here is that 2 years ago the sale price was \$24 million, and 7 or 8 years ago \$3 million was transferred back to the Hawke's Bay District Health Board when it was transferred to the Crown Health Financing Agency, because that was the amount that was recognised on the books. Since that point in time the Crown Health Financing Agency has incurred significant costs in selling the hospital site, but it has now allowed the Hawke's Bay District Health Board to accrue \$12.3 million through to its profit and loss account over the last financial year. Now—and I would be interested to hear from the Minister on this—it looks as though the current proposed purchaser of the property is not going to settle and has deposited only \$1.5 million.

**Hon Dr Michael Cullen:** A bad real estate agent!

**CHRIS TREMAIN:** Well, it certainly was not this real estate agent; in fact, we stayed totally clear of it. But I want to know from the Minister what the prospect for that settlement is. Will it go through? Will Hawke's Bay be in the gun not just for the \$12.3 million for the sale of the Napier Hill site but also for the \$8 million for the Hawke's Bay Regional Airport? Is that another thing that will go through, or are these just more hollow promises from this Labour Government to that electorate? I would be interested to know whether the Minister has been consulting the local iwi up there to see whether both these issues will be sorted out.

**R DOUG WOOLERTON (NZ First):** By and large, over the last number of years New Zealand First has supported wholeheartedly the stance on finance that the Labour-led Government has mapped out for us, and its actions. It is interesting to see that the National Party, in its wisdom, is now changing over to many of the policies it previously railed against. By election time I do not think there will be many policies put in place by the Labour Government that National will undo after all.

It is interesting to see, though, that the National Party's spokesperson on finance is, in his comments, doing what I have seen him do a number of times just prior to announcing another policy. What he and Mr Groser are saying in shorthand in their speeches is that because Labour has spent all the money, National will not be able to deliver on its promised tax cuts. I would like to say that now, because people should understand what is going on over there and what those speeches actually mean. In this case they mean that National will not be giving more tax cuts than those laid out on the table by the Labour-led Government. That is what those speeches were about—nothing more and nothing less than that.

New Zealand First has wholeheartedly supported KiwiSaver and it has supported Working for Families. We have supported those moves enthusiastically. Sadly, there are two areas where we have not been able to agree with the Labour-led Government. One of those concerns the Reserve Bank of New Zealand Act. We have said, as friends, that we would like to see the Governor of the Reserve Bank widen his target from just inflation and take into account exporters and employment in this country. It is time to move beyond the single target of inflation, because we believe—and this has been proven, in our view, over the last year or two—that that is having a detrimental effect. That is No. 1.

The other area we disagree with the Government on is one that is dear to our hearts—that is, New Zealand ownership. We were sorry that the Minister in the chair, Dr Cullen, and the other Minister saw fit to agree to a 100 percent takeover by Nutritek of a new dairy company south of Timaru called New Zealand Dairies Ltd. We were sorry to see that happen. We also believe—and I notice an article in the *Independent* goes on about this—that it should not be possible for other countries to own dairy companies in New Zealand at the level of 100 percent. We believe that is detrimental and that all of the profits from that wonderful industry should be retained in this country for the benefit of farmers, their families, and ultimately of every citizen of New Zealand. We are sad that moves were made to allow those things to happen. I am sure that people are aware that our laws in this country work on the basis of precedents. If we have a situation where a 100 percent takeover by Nutritek is approved by the Overseas Investment Office, then it will be very hard in the future to refuse other companies—companies that at the present time are minor shareholders in, admittedly, smaller dairy companies around the country—a 100 percent shareholding when that time comes.

We always have to understand our relative size in world trade when it comes to these matters, and we can see the day coming when we will have unfriendly takeovers going

on throughout the country. And, yes, we can see the day coming when, if this takeover is allowed, unfriendly shareholders will involve themselves in Fonterra also.

Vote Finance agreed to.

**Vote Parliamentary Counsel** agreed to.

**Vote Serious Fraud** agreed to.

**Vote Treaty Negotiations**

**CHRISTOPHER FINLAYSON (National):** I think it is a matter of agreement in this House that Treaty negotiations are an extremely important part of Government activity and should be multipartisan, and that has always been the approach of the National Party. A few weeks ago I had the misfortune to appear on a programme with the Minister of Māori Affairs and the Associate Minister in charge of Treaty of Waitangi Negotiations. The Associate Minister said on Television One that National had not voted for a single settlement under Labour—this despite the fact that he himself was a member of the Māori Affairs Committee when we voted for six different settlements. The Prime Minister herself, zealous as always for the truth, set the same high standard we have come to expect from Labour when she made the same claim at Waitangi Day earlier this year.

The latest line coming from Labour's spin doctors is that the new Moses, the great Dr Michael Cullen, has injected fresh life into Treaty settlements—

**Hon Member:** Should be Beelzebub.

**CHRISTOPHER FINLAYSON:** —probably it should be Beelzebub—since taking over the portfolio late last year. But nothing is as admirable in politics as a short memory. Just a few minutes ago Mr Chauvel told us that he was still under the influence of a local anaesthetic as a result of his visit to the dentist, and we were all greatly disturbed for him. Dr Cullen is trying to give the nation a general anaesthetic, because what we are asked to forget is that Treasury has been involved in Treaty negotiations throughout, and that for 8 long years Dr Cullen sat silent in Cabinet with a complete lack of concern, or apparent lack of concern, for the complete lack of meaningful progress in this vitally important area. Just what was he doing in Cabinet when there was such inactivity from his two predecessors?

But he has never been particularly good at handing back money to the people who deserve it. If anything shows this in stark light, it is that he has got to legislate for his election year tax cuts, because after 2005 no one believes he can be trusted any longer.

In the last few months—and it is a source of pleasure for me and the National Party—we are finally seeing some agreements signed. But when one looks at the agreements that have been signed, one sees that, far from being evidence of significant progress, they illustrate just how slow Treaty negotiations have become under this Government. Members should look, for example, at the agreement in principle for the Taranaki whānui, which comes nearly 5 years after the release of the Wellington district report by the tribunal. This Government has to take responsibility for its actions—a point thrown into stark light by the admission last year from the Minister of Māori Affairs that this Labour Government has been all about expediency.

**Hon Parekura Horomia:** That's right.

**CHRISTOPHER FINLAYSON:** He says "That's right." Notwithstanding the recent flurry of activity, this Government's performance in this critically important area is very, very poor. Just one settlement has been taken from start to finish in 9 years. The Labour Government can say what it wants to through the ninth floor, but, ignoring the ninth floor spin, nothing can hide the fact that if the Te Arawa and Central North Island

Iwi Collective legislation is passed this year—and we will certainly be cooperating to ensure it is—it will triple the number of settlements that Labour has taken from start to finish.

To put it another way, Dr Cullen's crowning achievement is to start and finish twice as many settlements as Mark Burton and Margaret Wilson managed in 8 years. What an achievement! Labour should be ashamed of itself for those failures. It stands condemned for negligence in the conduct of one of the most important projects in this country's history, one that was started by Mat Rata, continued under Geoffrey Palmer, continued by the National Government in the 1990s, and has ground to a halt under this Government.

I would like to hear from the Minister of Māori Affairs. He is also one of the guilty ones. What did he do in Cabinet? Did he ever ask any questions about why there was so little progress in Treaty negotiations? On the Willie Jackson programme he had the gall to say that Labour inherited a mess in this area. That was the third of the spins from the ninth floor. It is simply untrue and the Minister knows it. He did not inherit a mess, he inherited a Treaty negotiations system that was working well, and all that was required was for this Government to continue the good work, and it did nothing.

**DAVE HEREORA (Labour):** I want to make some remarks in relation to the comments made by the previous speaker. He was all gloom and doom. At the end of the day we have to ask ourselves: have the National members supported the negotiations and agreements that we have so far? My understanding is that, no, they have not supported them. If the member is talking about slowing the process down, I tell him that is exactly why the process gets slowed down.

I do think it is important to acknowledge the very fine work of the Minister in charge of Treaty of Waitangi Negotiations, Michael Cullen, in relation to the appropriation that is being sought for 2008-09. The Māori Affairs Committee heard that the Office of Treaty Settlements had a large volume of work to complete its negotiations, and I think that is reflected in the recent settlements over the last 2 weeks with Te Arawa and with regard to the central North Island claims—huge settlements. The committee is in the process of ensuring that we hear the submissions on the bills relating to those settlements in a timely fashion. I also note that an allocation has been set aside in the appropriation to provide for an additional negotiating team to assist the Office of Treaty Settlements to get through these agreements and negotiations.

I think that, all in all, there has been some very important progress in this area, and finally I want to acknowledge the work of Minister Cullen in relation to those changes. Kia ora.

Vote agreed to.

### **Vote Agriculture and Forestry**

**Hon DAVID CARTER (Chairperson of the Primary Production Committee):** During question time in Parliament today I raised an issue around the Sustainable Farming Fund to which the Minister did not have the answer, and I certainly hope he has done some homework since he has been back at his office.

Firstly, I think the point needs to be made that the Sustainable Farming Fund has an appropriation of approximately \$8.5 million, and it was initiated by the previous Minister of Agriculture, the Hon Jim Sutton. On the whole I think it has been reasonably well regarded and well respected by farmers in New Zealand. I think the concept of the Sustainable Farming Fund has been good. But in this particular case, an application was made in May 2002 to sustainably develop a pāua production system on the East Cape. It was approved, subject to some further information being provided, which was certainly obtained by late 2003. From that date onwards the applicant

continued to write to the Minister's staff—to a particular adviser to the Minister now, Mr Kevin Steel—on numerous occasions. When the applicant became frustrated that he was not getting answers from Mr Steel, he wrote to the Director-General of Agriculture and Forestry, he wrote to the Minister himself, and he wrote to the Minister of Māori Affairs. That went on for 5 long years, before the Minister finally made sure that the approval occurred and \$250,000 was paid over.

If the Sustainable Farming Fund is to obtain and remain with any credibility at all, then applications to it that receive approval deserve far better treatment than occurred in that particular case. The Minister in the chair, the Hon Jim Anderton, has now had a chance to refresh his knowledge of the facts on this matter, and I certainly hope he will answer the questions about it more sensibly than he did in the House this afternoon, when he took to his normal bluster and made a personal attack on me as National's agriculture spokesperson.

The second point I want to raise, which I felt was significant in the examination of Vote Agriculture and Forestry and of Vote Biosecurity, is an issue around animal welfare. I congratulate the Minister on the role he played in working with the farming sector throughout New Zealand on the response to a particularly nasty and widespread drought over the last season. But that drought has raised and will continue to raise an issue around animal welfare, and addressing that issue will require resources to be made available within the Ministry of Agriculture and Forestry to make sure that the facilities and the capabilities are there to assist the farmers of New Zealand. We raised that issue with the Minister in debating last year's estimates, and he acknowledged that the appropriation of \$2.572 million for that work was not enough. He assured us then that he would do substantially better in the next round of the Budget, which is the one we are debating today. He successfully achieved an appropriation of \$2.64 million—an increase of only \$68,000. That was of concern to the whole of the Primary Production Committee. I know that the Minister will not have the opportunity now to present another Budget bid next year to make sure he addresses that problem better, but I assure him that his successor will do so.

The final thing I want to raise is again a commendation to the Minister on his work in recognising the importance of an animal identification and traceability system within this country. Some farmers are opposed to that, because inevitably it will place costs on farming operations. But it is essential, for a number of reasons, for us to catch up with other countries that have better traceability systems than we have in this country.

**R Doug Woolerton:** You rubbished dog microchipping.

**Hon DAVID CARTER:** We are talking about sheep and cattle, I say to Mr Woolerton. Even New Zealand First does not advocate that we process dogs and export them overseas. Getting away from the Spencer Trust for just one moment, if we may, I was saying it is essential that we have a traceability system in this country, and the first reason we need it is that our markets will require increasing amounts of accountability and traceability. The second reason that we need to have such traceability arises in the event of a biosecurity outbreak. I know that my colleague Shane Ardern will shortly be talking more specifically about Vote Biosecurity, but it is essential that in the event of an outbreak—and we all hope there is no serious outbreak, but we must be prepared for the fact that one could occur—we are able to trace instantly the location of such livestock throughout New Zealand.

**Hon JIM ANDERTON (Minister of Agriculture):** I have just a brief response. Firstly, it is interesting for the Committee to note that the Sustainable Farming Fund, which has been going during the whole period of this Government, was not going in the period of the previous Government, so we would not have been able to get any applications approved because there was not any money to approve. This fund has had

3,000 applications—500 of them have been approved—and the best that the National Party can do, 3 months out from an election, is claim that there was a mix-up on one application, out of 3,000. Boy oh boy, has any Minister of Agriculture ever had an easier ride than that? That is the only thing that the Opposition spokesperson on agriculture, David Carter, can find wrong—one out of 3,000 applications, 500 of which were approved. That is somewhere between \$40 million to \$50 million of research funding for agriculture, and the real problem is that one \$250,000 grant fell through the cracks. Well, if it did that is not a bad record, actually. I bet that there is fear and trepidation about how many of these things might happen on the watch of any spokesperson on agriculture that the National Party might appoint. Agriculture is a \$22 billion industry sector. What we have heard from the National Party is—shock, horror—that there was one application out of 3,000 for a quarter of a million dollars that went down the gurgler. Fine, it was approved, and, sure, there might have been some problems, but Lord save us—is that all? Is that it? That is amazing.

Animal welfare is an issue. This year I was able to get funding from Cabinet and the Ministry of Agriculture and Forestry for \$300,000 to be given to the Royal New Zealand Society for the Prevention of Cruelty to Animals—the RSPCA—and that was valued by that organisation. I readily concede that there is more work to be done in the area of animal welfare, and I accept that it is one of our weakest areas. But when one comes to a Budget round, one has to prioritise. The priority for us, from an overall viewpoint, was animal identification. That had to be got up and running—and year on year that had not happened. I made it my No. 1 priority to get it up and running, and I did it. Now most of the farming community, with the odd exception from Federated Farmers, think it is the best thing since sliced bread. Animal identification had to happen; if we did not have it, we might have lost our trade. We now have animal identification, and I have one question to ask National members. How could they have more money to spend on sustainable farming, animal welfare, and animal identification and traceability, when they would cut out all those bureaucrats—which National says we have not got? We need more of them in animal welfare, but National would cut them out—even the ones we already have.

**Hon David Carter:** We'll get rid of the hopeless ones.

**Hon JIM ANDERTON:** Oh, I see; National will not get rid of those ones. We now know that animal welfare bureaucrats are OK. Is it the nurses, doctors, or teachers that National will get rid of? This is the problem. It is “almost certainly likely”—whatever that means. That is the mantra for the National Party. So it is almost certainly likely that National will or will not do something about bureaucrats, but not the ones it wants. We will watch this space as we move along, because that kind of nonsense, and the nonsense that we have heard from the member here, is just laughable. If that is as good as it gets from the National Party on a \$22 billion industry sector, then I have had the easiest ride that any Minister of Agriculture has ever had.

**SHANE ARDERN (National—Taranaki-King Country):** I thank the Minister in the chair, the Hon Jim Anderton, for giving me the opening line “a \$22 billion industry”. He is right—it is the backbone of the country, and I acknowledge the Minister for saying on many occasions that it is the backbone of the country. In fact, I am absolutely surprised by the road to Damascus experience that the Minister has had in this portfolio. We have memories of a time when the Minister was not the Minister of Agriculture, and at that time those in the primary sector were a bunch of bleaters, whiners, whingers, bludgers, and goodness knows what else that Mr Trotter and his ilk, along with Mr Anderton, could dream up to describe them.

I want to speak briefly about Vote Agriculture and Forestry—because “Vote Forestry” does not exist; it is within Vote Agriculture and Forestry—and the amount of

money relating to the flagship policy of the Labour Government. That has been, of course, to get New Zealand into a carbon-neutral position. When one looks at this vote, one finds that the amount of money going into forestry is so minuscule that it is almost difficult to determine what the amount is. The same Government claims that forestry holds the key to the very key issue of climate change. I have analysed the figures, and I see that one of the highlights in the Budget was that in the forestry part of Vote Agriculture and Forestry, the Government was going to transfer Timberlands West Coast Ltd to a Crown forestry company. But there is no budget for that. So it will take out what was, of course, a sustainably managed large section of New Zealand, Timberlands West Coast, which was not only making a profit but also controlling the vector in the area in terms of the possum population, and other vectors in terms of the spread of TB. It was also providing a market for some of our indigenous forests.

It is the hypocrisy—I know that that is a word that is not allowed in the House—it is the duplicity of this argument I am aware of as I stand in front of a rimu desk arguing the point about the sustainability of Timberlands West Coast. I do not want to spend too much time on it, but it is going now, apparently, to the Minister's control, into a Crown entity of some sort or another, and there is no budget for it. We know that it will suck up funds and not have any possible outcome.

One looks at that in the context of sustainable management of the SILMA forests—the South Island Landless Maoris Act forest organisation—down in Southland, where \$700,000 was allocated. This is where the double standards that apply in this Government really hit the road. First of all, we have Timberlands West Coast, where any forestry is closed down. It is not allowed even to extract wind-blown forest for cabinetmaking or other such finery. But at the bottom of the South Island one is allowed to cut it down, clear-fell it, and do what one likes, because of a historic Act of Parliament that goes right back to the beginning of the 20<sup>th</sup> century—and \$700,000 has been put aside for that.

An amount of \$100,000 has been put aside for a forest sink initiative. Goodness knows what that means. I ask members to listen to these figures. In the context of the \$22 billion industries that the Minister talked about, we have \$2.6 million for a climate change plan of action. That is interesting, given that under the term of this Minister and this Government we have seen the highest levels of deforestation in this country in the history of New Zealand. Back in 1951 we had sustainable growth in forest plantations in this country, and that was the case right up until recently. Now we are seeing clear-felling, almost, of our indigenous forest, without any progress in terms of planting. Planting trees, clearly, does hold the future for getting this country out of its current environmental situation.

I say to the Minister that I was interested when the Government set up the Forest Industry Development Agenda. I thought that was a good initiative. I thought: “At last! Here is a pan-industry group, with the Government, which clearly may have an opportunity to show some leadership, and talking regularly with the Minister.” Within 12 months of that organisation being set up, the forestry industry said it would not talk to the Minister. It said it would not have a bar of it. So that initiative fell over as well.

**Hon JIM ANDERTON (Minister of Agriculture):** I will make an offer to the member Shane Ardern, who has just resumed his seat. I will personally pay to him, out of my own account, the level of profit that he claims Timberlands has made, if he will pay to me the deficit—if there is one—of Timberlands. He said it is a profitable outfit—

**Shane Ardern:** Not now.

**Hon JIM ANDERTON:** Oh, I see. Now we get it. He is like his great leader: it is “almost certainly likely” that Timberlands did not make a profit! We cannot take that seriously, so we will forget it.

As for the trees that the National Government planted all over the countryside—which he now claims credit for—I say he should go and have a look at where it planted them. It planted them on the tops of mountains, where no one could get to them. It planted them everywhere, because there were tax incentives. When Labour became the Government and I became the Minister for Industry and Regional Development, the first thing that people in the forestry industry said to me was that they would not invest in New Zealand any more unless the Government built roads into the forests that they had been incentivised to plant, because otherwise they could not harvest them. The Government had to come up with \$60 million in funding for roads in Northland and on the East Coast, to get access to all the trees that had been planted because of National's tax incentives. National incentivised, through tax, the planting of them, but it had no plan to harvest them. All those trees would have rotted on the ground because there was no way of harvesting them.

I had to go all around the world to talk to the international corporations that owned the trees. They said: "We're out of there." The National Government had incentivised everybody to plant trees, those corporations had bought them and paid their rates, and then they found that there were no roads. They said that they would now invest in the Philippines. Honestly, people have short memories about that Government and what it did, given all the stuff they claim credit for now.

Crown Forestry Group manages forests. If Timberlands is transferred to Crown Forestry Group, which is the intention, it will manage it. If Timberlands is such a great outfit, we will see all sorts of people lined up to buy it. But people should not hold their breath. Timberlands will be managed by Crown Forestry Group. It does a magnificent job of managing forests for people. It has been able to hand back, through the Treaty settlement process, to our tangata whenua forests that are in a pristine state, that have been well cared for, that have been well managed, and that have made a profit for the Crown, and for iwi where there have been lease arrangements. I would not knock Crown Forestry Group; it is one of the best institutions we have.

So it is all in order. We now know that it is not likely that what the member said about profits will actually happen—if the member meant it; he might have said something else. I do not see anything else of substance in his speech that we need to deal with.

**Dr ASHRAF CHOUDHARY (Labour):** We have now heard from two Opposition MPs, and they have not even bothered to mention the biggest item in the Budget—I do not even know that they remember it. This item is the Fast Forward fund, the biggest ticket in the Budget regarding farming in this country. It is a \$22 billion industry, and the Opposition spokesperson did not even bother to mention this item—

**Hon Jim Anderton:** They're embarrassed.

**Dr ASHRAF CHOUDHARY:** They are embarrassed, because \$700 million has gone into research and development, and every industry, every research institute, all the academics, and all the stakeholders have applauded this initiative by the Minister. They are very proud of what he has done. But the Opposition did not even bother to mention this item in the Budget.

I must say that I am very proud of this Government. It has taken the initiative to put a large amount of money into research and development, which will trigger a whole lot of funds from the private industry. Private industry and the Government sector will combine all their efforts together to set up those funds. Already the Government has set up New Zealand Fast Forward Fund Ltd, which will manage these funds. It will be calling for applications for research and for different projects. Clearly this kind of funding is a blessing for the future of this country and for the future of our sheep and dairy farming. I have spoken to a lot of scientists around the country who are very proud

that a Labour-led Government has taken this initiative to provide such an amount of funds for agriculture. I am delighted with that initiative.

Similarly, the initiative in relation to the drought that we had earlier this year involved a committee that was set up to make sure that help would be provided to any farmers who needed help, anywhere in the country.

In relation to the national animal identification and traceability initiative, I am again very, very pleased that this initiative, which was started in 2006, has now come to fruition. It is important for our export industry, when our meats get overseas, that we are able to trace these products back to a particular farm, industry, and packing house. With those brief comments I commend Vote Agriculture and Forestry to the Committee.

**Hon JIM ANDERTON (Minister of Agriculture):** I must rise to thank the member Dr Ashraf Choudhary for raising the issue of the Fast Forward scheme. I gave an interview on Radio Live this morning. The interviewer asked me what I had to say about Mr Carter, the National Party spokesperson on agriculture, who said that Fast Forward was a big con job. Last week we had cornerstone stakeholders in Fast Forward, including Dairy New Zealand, which is in on the con; Meat and Wool New Zealand, which is in on the con; the Meat Industry Association, which is in on it, too; New Zealand Aquaculture, which has been conned as well; Zespri, which is easy to con—it is pretty small beer, and one can deal with them—Fonterra, which is in on the con, too; and PGG Wrightson, with Craig Norgate, who is in on the con! All those groups have been conned by me; I must be really good at this! Even better than that, I have conned them to the point where they are putting \$10 million in as cornerstone shareholders—\$10 million each—and the arable industry is all lined up, including Horticulture New Zealand. This is the con job that the National Party would have us believe has happened.

You know, all of the sectors of this \$22 billion industry think that the Fast Forward scheme, which invests \$2,000 million in research, science and technology, market development, and branding New Zealand, is the biggest initiative that has ever been taken for the primary sector industry in New Zealand. They are all very credible, but one sector, which has no credibility at all, opposes it. That sector is over there—the National Party. Wherever we go in New Zealand to speak to farmers, those farmers ask what is up with National and why it will not support this initiative. I tell them that they had better ask National. The answer is that it is a con trick!

Now, \$700 million is sitting in the account and waiting for the interest to accumulate. The private sector is putting up its money—\$1,000 million over the next 10 to 15 years. So that is \$2,000 million, yet this is a con job! How does that work? National members are the people who claim that they want to run the country in 3 or 4 months' time, but they cannot even recognise the biggest initiative that has ever been taken in scientific research and development in the primary sector. And when National members come here to ask questions about it, having said that it is a con job to the rest of the country, what are those questions about? They ask one question about a project in the Sustainable Farming Fund and one other question about Timberlands. One could buy and sell the whole lot of that with one of the cornerstone shareholders' deposits, yet they are all in a con! Really, that should embarrass Mr Ardern, it should embarrass Mr Carter, and it should embarrass Mr Key—although it is “almost certainly likely” that it will not. That should tell members everything about the commitment National has to the agriculture sector of New Zealand.

Let me give credit to my Labour colleagues. What did they really gain after putting up \$700 million, going to \$1,000 million, for the primary sector in New Zealand, which they know is not their core constituency? Labour did this because it is absolutely the right thing to do for New Zealand and for the economic and social well-being of New

Zealanders. That is the principle that this Government operates on. I do not have the faintest idea what principle that lot on the other side of the Chamber operates on.

**Dr RUSSEL NORMAN (Co-Leader—Green):** I am glad that the Minister in the chair, the Hon Jim Anderton, referred to the Sustainable Farming Fund, because two kinds of transformation are under way in agriculture in New Zealand that are quite unsustainable at the moment, and this Government is not really addressing them.

The first transformation is the undermining of the New Zealand - owned producer cooperative Fonterra. As a result of restructuring, we are now starting to see the beginnings of the unravelling of the New Zealand ownership of the dairy industry. That is an incredibly important industry, and I totally agree with the comments made earlier by Doug Woolerton on this issue. It is a really dramatic development when we see Fonterra being undermined by foreign ownership, and we are seeing that from all over the show. The biggest part of the current account deficit, we should remember, involves transfers overseas to pay off debt, and transferring profits to overseas-owned corporations.

The second great transformation that is under way in agriculture in this country is the rise of large-scale industrial intensive dairying. That is a wholly new kind of ball game. We have not seen dairying as intensive as this or on this kind of scale before in New Zealand. It is seldom recognised that a kind of revolution is under way and is happening right across the country, from the top of the country to the bottom. As I travel around this country, I visit farms right across it that are being transformed. We are seeing much higher inputs of water—water is being added on an immense scale—and much greater inputs of external feeds than previously. Our imports of palm kernel, for example, have increased dramatically, by about a thousand-fold in the last 8 years, and they are being fed to animals in the dairy sector. Our inputs of fertiliser have increased dramatically over that time. Electricity is being used to run the giant pivot irrigators, which anyone who has been to the Canterbury Plains will be extremely familiar with. That means the amount of electricity being used has increased dramatically as well. We have seen an intensification and a kind of industrialisation of primary production.

On the one hand people might say the intensification makes dairying more productive—and that is, of course, true. But it also increases its environmental impact dramatically. We are seeing that particularly with regard to our waterways. Right across the country our waterways are in deep trouble. They are in trouble from two things. On the one hand there is the issue of abstraction. There is much, much greater abstraction of water for irrigation than occurred previously, and we are seeing the drying up of some of our major rivers, particularly in the Canterbury Plains but elsewhere as well—and now in Southland. The other great contributor is, of course, the runoff or the pollution. That is both runoff that goes across the surface and straight into the waterways, and also runoff that goes through our groundwater—the fertiliser that is leaching through to our groundwater, as well as the urine and faeces from cows that ends up in our waterways. Right across the country we are seeing a decline in the quality of our rivers and lakes as a result of the intensification and industrialisation of agriculture.

If we close our eyes to that decline in water quality, then we are undermining one of the single most important economic assets we have: the “clean, green” brand of New Zealand. “100% Pure New Zealand” is the basis on which we have built our two biggest export industries: tourism and primary production. “100% Pure New Zealand” and the “clean, green” brand are fundamental to the economic future of this country. That branding and that reality are being undermined by what is happening as a result of the out-of-control intensification of agriculture right now, from the top to the bottom of this country.

We have called on the Government many times to intervene to slow down that process. We need to impose a moratorium on the issue of new consents to discharge to water, particularly in at-risk catchments. Regional councils right across the country know the at-risk catchments; we all know lots of them. We need to have a moratorium in order to create some breathing space so that we can address the problem. We need to have a moratorium on new water consents not only to discharge to water but also to take water—abstraction consents. Those two things together would create a bit of breathing space. Beyond that, we need to have a much more effective national environmental standard and a national policy statement. Obviously we are pleased that the Government has finally announced the national policy statement on water. It took quite a long time—an extremely long time—and—

**Dail Jones:** I hope it wasn't watered down!

**Dr RUSSEL NORMAN:** —it was a bit watered down, but none the less we are glad that it appeared. But the national policy statement is still incredibly weak; it needs to be much stronger than it is. And the process is too slow. My guess is that it could take anywhere from 10 years to, maybe, 12 years before district plans are actually changed as a result of that national policy statement, once all the different steps involved have been gone through—that is, getting the national policy statement through, and all the rest of it.

We need to take urgent action on cleaning up our water.

**Hon JIM ANDERTON (Minister of Agriculture):** I thank the member for his contribution. I have to say that for some people in this Chamber, and in New Zealand, the glass is always half empty—it is never half full, ever. It is always the negative side of a position that is put rather than the positive side. I would point out to the member who has just spoken that the dairy farmers in New Zealand have just earned—this is profit through dividend payments to them—\$3,000 million, which has been pumped back into the rural provincial economies of New Zealand, and which is the only real thing sustaining some of those economies now. If we had the moratorium and everything stopped, as the member suggests, that \$3 billion would not be there. If it was not there, there would be massive unemployment in the regions of New Zealand, there would be a slow-down in the overall growth of the country, and the Government would have no revenue to do all the things we want to do in respect of the environment, and in the health and education systems. So where is that half of the glass that the member mentions? He does not even mention it. He does not say what would happen if the counterfactual was there and we did not have that revenue. I have the view that the Green Party would be cheering if the dairy farmers had lost \$3,000 million; if the price of dairy products had gone down and we had lost \$3 billion, they would think that that would be good. It would be a disaster! But, no, the glass is always half-empty.

As far as environmental protection is concerned, I say this: I come from Sydenham, which is an urban electorate, and I lived in Western Springs, which is pretty urban—it is right in the heart of Auckland City now—so I cannot claim any agricultural roots, but I can tell members that some of the best conservationists in New Zealand are farmers, and amongst those best conservationists are dairy farmers. I would invite the member to go up to Taranaki and have a good look at an area he would describe as “dirty dairying”—I am pretty sure of that. If he went there, he would find that 95 percent of the dairy farmers—for anyone who cannot understand, that is just about every dairy farmer, and I think that anyone who does not join gets his or her milkshed burnt down—are in a programme that is bridging all the streams so that the dairy cows are not going into them, fencing them all off so they are not polluted, planting 300,000 to 400,000 trees every year at their own expense and doing it themselves, and fencing off erodible areas on their farms. In 10 or 15 years' time the Taranaki district will have a completely

different aspect from the air, from the ground, or from anywhere you like, than it does now. Where in that speech from the Green Party representative was there any recognition of that? But if one dairy farmer there did something wrong, he or she would be splattered all over the place.

I suggest to the new member that he take a step back, for goodness' sake, breathe quietly for a while, have a good look around, and get the facts right. The facts are that our farming industry is as pristine as anywhere in the world. Of course there are things that have to be done better—of course there are. But I have been to most countries and have had a look at the environmental standards in them and I can tell members that in New Zealand we have among the best environmental measures in the world. Of course we could do better, but it would be good if people sometimes sold their country up rather than down and actually congratulated people on doing the things that we really want them to do, which earn us respect around the world and the kind of income that makes us a First World country. If we did not have a successful agriculture industry—including dairy—we would be a Second World, or even a Third World country, because we are 12,000 miles away from our markets. It is only efficiency, innovation and creativity, and the science-based industry that we have that make us the country we are. We should cheer that along and celebrate it every day instead of saying some of the mealy-mouthed stuff that I hear from people who are always looking at the worst side of life instead of the good side. I think people's lives must be pretty bloody miserable when they do that; my life is not like that.

Vote agreed to.

**Vote Biosecurity** agreed to.

**Vote Fisheries** agreed to.

#### **Vote Corrections**

**CHESTER BORROWS (National—Whanganui):** I wish to speak in respect of Vote Corrections; a number of issues have raised their heads in the last 12 months in respect of this very volatile area of jurisdiction. A number of lessons have been learnt—thankfully—from some of the tragedies that have occurred in the Department of Corrections in the last couple of years. Obviously I am referring to the death of Liam Ashley, and the murder of Karl Kuchenbecker by Mr Burton. I am pleased to see that a number of initiatives or processes have been put in place to ensure someone is watching, because the lack of people watching in respect of Burton ranged across some Government departments, but particularly the Community Probation Service. It was disappointing and embarrassing to read the coroner's report and the attention that was drawn to failures in respect of process at the time leading up to Christmas, when people took their eye off the ball, people went on leave, people were not checking their trays, and people were not handing over vital information, which resulted in this particularly abhorrent offender continuing to commit crimes—to stand over, to rob, and to threaten. That was all known by people within the Community Probation Service, those supervising parole, and, it must be said, a number of people within the New Zealand Police.

In respect of Vote Corrections, though, I want to concentrate on a couple of areas. The first one is rehabilitation. People within the corrections system being available or open to rehabilitation is not something people like to know much about. People like to think of prisoners eating bread and water and doing precious little else. The fact is that in our society, where we have such a high incarceration rate within our judicial system, we know that people who are in jail will, sooner or later, get out of jail; they will come

back into society. Surely the underpinning theme of anyone who goes to jail must be that they have to come out better than they went in. The fact is that within our judicial system we do not even try to do anything with those who, most commonly, are there for a period of under 2 years.

The last time I visited a jail I talked to a chap who was in prison for a serious drug offence. It was the first time he had done a lag; he got 8 years for a drug-dealing offence. He was a fairly young father and he was obviously not amongst friends—he was absolutely scared stiff of being in jail. He had heard the cell door slam behind him and realised what he had lost, and he wanted to do something about it. It was a serious offence and so he got 8 years, yet he wanted from day one to do something about his drug problem. But because he was not eligible for parole until he had done two-thirds of his sentence—and good job—he was not eligible for anything else either.

The vast majority of people in our prisons are in jail for 2 years or less, and if they are in jail for 2 years or less they cannot get any help with rehabilitation. This is at a time when about 83 percent of people in our prisons are illiterate and innumerate, or close to it, yet we do nothing to assist them with literacy and numeracy. Around the same percentage—83 percent of people in our jails—have an alcohol or drug dependency, yet we do nothing about them, either, if the length of time they are in jail is less than 2 years. It seems absolutely ridiculous to me that we would just cast these people aside. We have to put our hand up and take responsibility for the fact that they are there and they will get out. We have a society to protect. Surely the primary task of a Government is to look after the safety and the security of its prisoners.

Here is an opportunity. If things were in the right place, if gangs were not running the prisons, and if we had people with the willingness and charge to do so, we could use effectively the period of time when these people are away from other influences. Some would say that rehabilitation does not work, and it is true that some of the programmes that have been run over a number of years were found to be more conducive to recidivism than turning people away from offending. But it is a real tragedy to read, for instance, the comments of Ms Nāmana—in jail, of course, for killing “Lillybing”. She said that while she was in prison she had not been rehabilitated, and she claimed that while she was there she had access to a range of drugs including pure methamphetamine, and that she had a cellphone on which she downloaded pornography and developed gang associations.

Another area I would like to discuss is community probation. We have a system in this country where people released on parole are released into the care of community probation officers. We have a terrible situation at the moment where about 40 percent of our community probation officers have less than 2 years’ experience, yet every prisoner, from the least offender to the most horrific offender, will come out of jail and go into their care. We have seen—as I mentioned earlier—the results of failing to properly maintain and monitor people who are on parole for the most horrific of crimes.

One of the jobs people within the community probation sector do is monitor community work projects and community-based sentences. The problem there is a complete lack of commitment to those community-based sentences because the offenders have no fear, for instance, of what prison may hold for them. In the year 2006-07—we do not have the figures for the current year—29 percent of people on a community-based sentence breached it, then headed back to court for yet another sentence. Surely we need to get to a situation where people are offered all the help they can get and all the help they need to turn them away from the profits of their offending. We need to ensure that those left in charge of them have every ability, resource, and commitment to ensuring that those community-based sentences are in fact abided by, and that their victims are protected by ensuring that they are living where they are

supposed to be living, that they are associating with those they are supposed to associate with, that they are attending the counselling courses they should be—whether they relate to drug and alcohol or family violence offending—and making sure they are not creating more victims.

But the problem is that, with 29 percent of people breaching community-based sentences, offenders tend to breach them at a time when they are committing more offences. The reason why they are happy to breach them is that they know that they are fronting on further charges and that there is no deterrent to not attending those community-based sentences.

There is a hell of a lot of work to do within the Department of Corrections. A number of new prison beds have been provided for, and, as a result of the work of my colleague Simon Power in drawing attention to some of the deficiencies within the system, the Government has moved—of course, it had to move—to tighten up on some of those areas. But as long as people come out of jail in a worse state than when they went in, and as long as people do not adhere to community-based sentences when we are putting more and more people on community-based sentences rather than putting them in prison, we have two glaringly obvious areas for a lot of work to be done. It is time this Government woke up to that challenge. Thank you.

**Hon DAVID BENSON-POPE (Labour—Dunedin South):** Well, that challenge is being faced up to. I would like to thank the previous speaker, Chester Borrows, for a relatively rational analysis of some of the issues that we face in the Department of Corrections. It is certainly not the sort of analysis we would have got from the “hang ‘em high” brigade, but I guess in a time of policy inoculation it is quite important to tell people what they want to hear and not actually talk about what any other party might do to change the situation.

Before I start the call, I observe that, of course, a lot of the people, especially the younger people, who are presenting us with social issues at the moment are the creation of the National Government’s “Budget to end all Budgets” and the slashing and burning of community support and social support that was characteristic of the previous administration. Many of those young people—or not so young people—in our prisons now who are illiterate or innumerate missed out on those skills at the time of the National Government.

So if ever we needed to have a cross-party, non-partisan approach to social issues of this kind, it is on an issue like this. But it has not escaped the attention of most of the community that we are much tougher because of our changes to sentencing laws. I guess one of the interesting dimensions of this job is realising there is—I suppose—a lag in terms of the performance of the judiciary with regard to their response not so much to the expectations of Parliament but to the expectations they identify in the community. I am pleased to see that a lot of members of the judiciary are facing up to that increased expectation right now.

It is obvious that there is a significantly increased prison muster. Why else would this Government have committed over \$600 million to building new prisons? I have to say that although we do not shirk, or shrink from, the responsibility of looking after the bad buggers who are out there, we should not be proud as a community of our incarceration rate. It is actually a disgrace. It would be interesting to see whether this bullet can be bitten—perhaps that is the wrong analogy—during the election campaign, and whether this nation finally starts to face up to the appalling statistics of incarceration by age and by ethnicity that are the reality in this country. That is not to say that anyone will be soft on crime, or that the \$600 million - plus for the three new prisons I just referred to will be wasted, but this is an issue that our whole community needs to grapple with, and that is why I complimented Mr Borrows on a mostly rational approach to this debate.

This debate can be had only if people look at the issues—and do not scratch the sores—and actually try to find solutions. The previous speaker did not go that way, and I will come back to the National Party's policy in this area in a moment. We should focus, as the previous speaker did, on rehabilitation. The issues around literacy and numeracy are key, and I am particularly pleased with the major changes there have been in approaches integrated with the Ministry of Social Development to put work brokers—from the beginning of sentence time, not in the last few months before release—alongside people to help them acquire the skills they will need when they move from a locked-up situation out into the workforce.

Mr Borrowes made a really interesting comment. He talked about people coming out from prison better than when they go in. Well, it is sure as hell a lot harder to come out now. When National was in power the security of the prisons was appalling. One of the major improvements that this Government has made is in that level of security, and the huge reduction in escape figures demonstrates that. There has also been a massive reduction in drug use in our prisons. I am pleased to say that prisoners are already seeing the effect of the initiatives around access to cellphones, which as everyone knows are extremely easy to conceal on the person, and also the jamming of cellphone transmissions, which is being introduced into our prisons as we speak. Clearly, that will have a huge effect on people's behaviour in prisons henceforth.

I would love to talk about National's solutions to these issues. Clearly, Labour has a pretty impressive track record in the corrections area. Is everything perfect? No. Will everything ever be perfect in this area? No. As a community we have some really big challenges to face, and I believe this Government has put its money where its mouth is in previous estimates, and in these estimates, to address those issues and address them responsibly.

As I said earlier, I would love to talk about National's corrections policy. I cannot, though, because National does not have one. Of course, even if National did have one, it might be a policy like its policy on Iraq, where National did a complete turn-round. Or it might be like the John Key policy on climate change, in which climate change was a hoax one week, and was "always believed" in the following week. Or it might be like the National Party policy on KiwiRail, which John Key described as a dumb idea one week, but then told us a couple of weeks later that he supported the purchase. Or it might be like the National Party policy on our antinuclear legislation, which we know the National Party was keen to see gone by lunchtime. Or it might be like the John Key policy on KiwiSaver, a policy that according to the leader of the National Party was one day fundamentally flawed and a few weeks later was obviously successful. Or, most recently, of course, it might be like the National Party policy on that "communism by stealth" policy—the Working for Families policy—which one week was an appalling compulsory welfare scheme, one that was going to be, and let us get the quote absolutely correct, opposed by the National Party "with every bone in our bodies". Well, I will leave listeners and members present in the House to make their decisions about how many bones Mr Key has in his body, now that he has told this House and this community that the National Party will be adopting that most successful scheme in its entirety.

I look forward, as the community should, to seeing some policy and solutions from the National Party in this area. When it does release its policy, if it does ever release anything, it would be really useful to the community if the National Party gave us more than the four bullet points it tends to give the community in most other areas. What this community is entitled to, and what this community is demanding, is the 30 or 40 pages of background that would give us the real National Party agenda. Not too many people are interested in the National Party saying: "Oh, we're going to do what they do."

Labour members are grateful that National members find our policy so successful. What the electors want to see in a few months' time is the reality of the two-faced party that sits on the Opposition benches.

Vote agreed to.

**Vote Defence** agreed to.

**Vote Defence Force** agreed to.

**Vote Veterans' Affairs - Defence Force** agreed to.

### **Vote Justice**

**KATE WILKINSON (National):** Yesterday it was revealed that there has been a \$29 million spending blowout on the legal aid system. The *Press* further announced that this spending had “rung alarm bells”. Well, it is about time that alarm bells started to ring. This is especially important as the Justice and Electoral Committee had some time ago expressed concern that the Legal Services Agency “needed to significantly improve its performance”, and that it was disappointed problems it had raised in previous reports had not been addressed.

A potential legal aid crisis has been looming for some time and it is only now that some alarm bells are starting to ring. When this Government increased the eligibility to legal aid by some 435,000 recipients to 1.3 million, did it consider the cost or, more important, did it consider the ability to supply that increased demand? Anecdotal evidence abounded that there were simply not enough lawyers prepared to take on legal aid work. The fact that the number of active family legal aid lawyers dwindled from 2,012 to 1,017 in 12 months did not ring alarm bells with this Government. The fact that the number of active criminal legal aid lawyers declined from 1,084 to 846 in 12 months did not ring alarm bells with this Government. The fact that victims in some areas have to appear in court by themselves without any legal representation at all because they could not get a legal aid lawyer to represent them did not ring alarm bells with this Government. The fact that if the number of people eligible for legal aid was increased, then that may just increase the number of legal aid grants did not seem to register with this Government.

We now have the suggestion that there has been a \$29 million spending blowout, and the alarm bells are just starting to ring. We have a problem. Yes, we do need some answers. We should be able to expect clarification in answers not only in relation to the \$29 million spending blowout but also to the questions raised in the 2006-07 financial review. Those questions related to the fact that at the time providers did not meet demand in some areas of the country. That situation continues. What has been done to address concerns about the quality of legal aid providers—concerns exacerbated by the current legal aid system? What has this Government done to address the concerns of the board of the New Zealand Law Society, which were, first, that it had no confidence in the commitment of the Legal Services Agency to address outstanding issues relating to legal aid remuneration; and, second, that it was profoundly concerned about imminent risks to legal aid services on a national scale?

What is the Government doing to address the problem of the declining provision of legal aid? On top of that we have had the Serious Fraud Office fiasco and the muddle related to that. If we look at the record of this Government and at the time line, we see that it is indeed apparent that it is a muddle. It has been a procession of strategies, reports, working groups, and proposals, resulting in delays and unfulfilled promises. In 2004—4 years ago—the crime reduction strategy joint Ministers group agreed that a new Organised Crime Strategy was a priority for 2004. In June 2005, the Ministry of

Justice tried to set up a workshop with agencies involved with gangs to establish a task force, but that was canned. In November 2006 the Minister of Justice promised to review the number of off-licence liquor stores and nothing happened until June 2008. In May 2007 the Prime Minister said the officials were working on an Organised Crime Strategy, which had been due to be completed in about 10 months. In July 2007 the Minister of Justice said the Organised Crime Strategy “is proposed to be completed in the last quarter of 2007”. It was not released until April 2008.

**Hon ANNETTE KING (Minister of Justice):** First of all, I thank the very good people in the Ministry of Justice for the work they do on behalf of New Zealanders. I could not let this moment go by, however, without saying that I am rather confused by the speech that I have just heard. Before I became Minister of Justice I used to sit in this House and watch the previous speaker rise and ask why there was not more money for legal aid, and say that legal aid services could not be provided and the system was collapsing. She said this mean Government was not giving additional money. She used to say the Government should be paying more, yet she has just said there is a blowout in the amount the Government is paying for legal services. I am not sure what the member wants, other than to have 5 minutes of a good old moan.

I say to the member that the 2008 Budget gave a 10 percent increase in payments to lawyers who provide legal aid, and at the same time, speaking as Minister of Justice, I said that the Government would undertake a review of the services provided that use legal aid funding, including opportunities for cost saving, reprioritisation, and innovative delivery of services. I tell the member that the Law Society has not only welcomed that review but praised it. It is not a matter of alarm bells starting to ring; it is a matter of the Government saying that it puts a considerable amount of money into legal aid and that is the way the Government gives access to justice for people who are poor, and we do not resile from that. But we need to ensure we get the best value for money out of that funding.

The previous speaker has gone up and down the country campaigning for more money for legal aid but I say it would have been really nice today if she had said: “Thank you, Government, for increasing legal aid funding by 10 percent in this last Budget.” It would have been nice if she had said that she welcomed the review to make sure New Zealand gets value for money. I thought the National Party said it stood for value for money to ensure we get innovation and the best use out of the funding that is put into legal aid. I say to the previous speaker that her story is kind of mixed up: either there is too much funding or not enough. Which one is it? Then she went on to talk about the Government’s muddled approach to organised crime. I tell the member that until we became the Government there was no approach to organised crime, and do not tell me there was no organised crime in this country before we became the Government. Organised crime has been around for years. We set out to put in place in a comprehensive way all the building blocks needed to tackle organised crime. We put in place the Organised Crime Strategy and the organisation needed. We are putting in place the legislation and also the personnel to undertake a proper approach to organised crime.

This Government has done incredibly well in this respect. There is a lot of work to do, as we see those involved changing from the old idea of a few gang members wearing patches to becoming highly sophisticated groups of people whom one does not recognise as gang members, because they wear flash Gucci suits, or recognise as organised criminals. But those people purvey drugs, launder money, and are involved in paedophile rings, and so on. The agency that this Government is putting together, with the support of other parties in this Parliament, will certainly go a long way to address those issues.

The previous speaker also mentioned liquor. Debates in this House about liquor really frustrate me because I often hear the most terrible cant. Some members stand up and make heartfelt speeches about the supply of liquor, but they were the very ones who trailed out to the lobby to vote to allow younger people to drink. Then they make speeches about how important liquor laws are, but when it comes to the crunch in this Parliament, when trying to make changes to liquor laws, we find great difficulty in getting them through.

I tell people who are listening to this debate that this Government has done a lot of work on liquor laws, and I say to those members that my colleague Lianne Dalziel will certainly be presenting the next part of the picture when it comes to tightening up the supply of liquor in this country.

**LYNNE PILLAY (Chairperson of the Justice and Electoral Committee):** It is an absolute pleasure to stand and speak after our hard-working and amazing Minister of Justice, Annette King. I want to acknowledge her and, at the risk of repeating the message, I have to say that I too am absolutely astounded at Kate Wilkinson's speech. "Honest Kate" though, who was—

**The CHAIRPERSON (H V Ross Robertson):** Order!

**LYNNE PILLAY:** Sorry, Mr Chair. Kate Wilkinson is a member of a party that is not the party of compulsion, but when in Government last, it dropped legal aid rates. National has been banging on, as we all have, about the importance of reviewing legal aid rates and raising them. That is exactly what our Minister of Justice has done, and I think that is fantastic.

I want to talk, also, about victims' rights, which this Government sees as so important. I acknowledge the former member Nandor Tanczos, who suggested the inquiry into victims' rights. It was a very good inquiry. The Justice and Electoral Committee went on the trip to Melbourne to look at victims' rights, and legal aid as well. We thought we could get some meaningful information and advice to enhance those services in New Zealand.

**Hon Annette King:** Who went?

**LYNNE PILLAY:** Every Labour member of the select committee went; the Green member went and it was fantastic to see it. Hone Harawira came along with us for some of the time and worked very hard whilst he was there, but National Party members of the committee hijacked the trip. They did not come. As a result of that trip, we now see enhanced victims' rights in this country, and also a Victims' Charter, which is a direct result of the information we gained. We have further resources for victims' support. It has reinforced the importance of our Government's commitment to victims' rights in our country.

**Hone Harawira:** Great trip!

**LYNNE PILLAY:** Thank you very much. The member says it was a great trip, and I acknowledge that the member contributed greatly for the time that he was there. I acknowledge also Ann Hartley; like all of us she believed in the importance of victims' rights and getting information on legal aid. It is very unfortunate that the National committee members were too busy politicking, in wanting to go to their conference, and did not go on the trip so they could spend time looking at improving the situation for victims in New Zealand.

I congratulate also the Law Commission. The select committee has looked at a lot of the commission's recommendations. A lot of bills have resulted from its recommendations. I acknowledge the hard work of the commission and the useful advice it has given us on a variety of different bills and issues before the very hard-working and ably chaired select committee.

I cannot speak without mentioning section 59 of the Crimes Act, and all the work of the Law Commission in assisting us. I pay tribute to the members of our caucus, who stood firm in relation to section 59 because there was a need for change. They did not freeload, or whip up a frenzy, or hand out misinformation. *[Interruption]*

I acknowledge poor Chester Borrowes, who has just chipped in. He worked very hard. I did not agree with his amendment, but he did put the time in and he listened. His party just rode roughshod over him and his amendment. National members whipped up a storm and then, at the eleventh hour, they followed the leader, because they thought: "Gosh! We thought there were a lot of votes in this. Maybe it is backfiring on us." So the National Party, which is not the party of compulsion, changed its mind again. We see that party changing its mind further on a variety of different things.

I have to say that Kate Wilkinson, who is on the committee, has really worked very hard and has sometimes made quite a contribution. But it was particularly distressing to hear Kate Wilkinson denigrating legal aid and the Government's response to that issue. I find that really sad.

**CHESTER BORROWS (National—Whanganui):** I just want to make a few points in relation to the Serious Fraud Office (Abolition and Transitional Provisions) Bill and some of the precursors to it. We must remember that in about September last year this issue was raised when the Law and Order Committee was reviewing the—

**Hon David Benson-Pope:** I raise a point of order, Mr Chairperson. It is my understanding that Vote Serious Fraud has actually been dealt with earlier under Dr Cullen's chairmanship. It was certainly voted on.

**The CHAIRPERSON (H V Ross Robertson):** If that is the case, then the member needs to come to—

**CHESTER BORROWS:** I ask for a point of clarification, Mr Chair. The Minister was talking about the Organised and Financial Crime Agency of New Zealand. That relates to organised crime and to serious fraud as a part of it, so I was addressing that matter.

**The CHAIRPERSON (H V Ross Robertson):** I just say that this is a vote about justice, and although one member may respond to another member's comments, it does not actually mean that it comes into the debate. The member needs to talk to Vote Justice.

**CHESTER BORROWS:** Thank you, Mr Chair. In relation to the Organised and Financial Crime Agency of the police and its investigation of serious fraud as it relates to organised crime, points have been made in respect of the way in which that works. The select committee heard from the New Zealand Police last week and the week before about how they intend that agency to work. But an interesting point was raised by the police—

**The CHAIRPERSON (H V Ross Robertson):** I am sorry to interrupt the member, but I ask whether he is doing this under the Police vote.

**CHESTER BORROWS:** Vote Justice.

**The CHAIRPERSON (H V Ross Robertson):** The member is doing this under Vote Justice?

**CHESTER BORROWS:** Yes.

**The CHAIRPERSON (H V Ross Robertson):** Well, the member is starting to stray into the Police vote, which is the next one. I urge the member to try to speak strictly to the Justice vote.

**CHESTER BORROWS:** The Minister was speaking in relation to that legislation and the work that was being done by the Ministry of Justice in relation to addressing organised crime in New Zealand. That will be worked out by the Organised and

Financial Crime Agency, so it is a Ministry of Justice initiative that is being operated through the police—that is the point that I was making.

In respect of Serious Fraud Office assistance in working on organised crime, the point was made by the police that a number of the investigations they have run have been addressing organised crime, but they have had a serious fraud aspect to them. The problem we have in respect of that is that the Serious Fraud Office is being disestablished as part of a Ministry of Justice initiative. Members will recall that that was announced in September last year, at a time when that initiative was travelling through the select committee process and was with the Law and Order Committee. We found out after questioning Serious Fraud Office officials that the Serious Fraud Office was advised that this could happen only 2 weeks before.

The fear we have in respect of that is the derogation of powers moving away from serious fraud investigation through this Ministry of Justice initiative at a time when mum and dad investors are losing millions and millions of dollars through financial investments. This is removing Serious Fraud Office investigations to the New Zealand Police at a time when the police, by their own admission, are doing a very poor job in relation to fraud investigations.

**Ron Mark:** I raise a point of order, Mr Chairperson. I know that you were quite distracted, so you may not have heard the content of the speech, but we are now straying into a depth of matters relating to the Serious Fraud Office, which the member had every opportunity to speak to earlier in the day. I simply ask that the rules apply to everybody.

**The CHAIRPERSON (H V Ross Robertson):** I thank the member. For the benefit of members, if members look to page 177 of the Budget 2008 Estimates of Appropriations, they will see that it talks about policy advice. It states: “This appropriation is limited to policy advice, legal advice and research, and evaluation in relation to civil, criminal and constitutional law, foreshore and seabed policy and treaty negotiation advice and providing agreed services to the Minister of Justice, Minister for Courts and the Minister in Charge of Treaty Negotiations.” If the member can bring his speech within those guidelines, then he can continue; it is fine.

**CHESTER BORROWS:** I am always happy to learn, Mr Chair, and I look forward to encouraging this debate when we move on to police matters.

Vote agreed to.

### **Vote Police**

**RON MARK (Chairperson of the Law and Order Committee):** It is a pleasure to rise to speak on Vote Police on behalf of New Zealand First, largely because there is a lot of good news in there. There is also a lot of good news in the report back from the Law and Order Committee on Vote Police because of the agreement and understanding entered into between the Labour-led Government and New Zealand First as part of the confidence and supply agreement.

It is timely for us to reflect on some of the criticisms made by members of the National Party and by the National Opposition spokesperson on police at the time of the announcement of the agreement between New Zealand First and the Government for an extra 1,000 police officers. I point out that when our agreement was struck there were people who said that it could not be done, it would not be done, and there would not be that level of interest. People such as Chester Borrows and Simon Power were very, very quick to assert their knowledge of the police force and to tell the whole nation that the Police College could not handle that number of recruits. Well, coming up to 3 years on, the recruitment figures are slightly ahead of target, and the way they are going we not only will achieve 1,000 extra police and recruit the extra 250 support staff, but also are

already on track to start looking at the next part of the New Zealand First agreement with the Government.

I find it very interesting that of all the criticism of the Government and New Zealand First for having a policy to dramatically increase police numbers, those people never commented on the second part of the agreement, which would see the Government of the day—Labour—move towards adopting the same policing ratios per capita as Australia.

It is interesting that it took about a year before the National Party copied that New Zealand First policy and started doing private interviews around the country, saying that the National Party policy would have a police per capita ratio that is equitable with that of Australia. Well, we got there about 5 years ago with our policy. The National Party got it wrong again—duh! We were at that point 5 years ago, which begs the question as to what the hell National has been doing for 9 years in Opposition if the only thing it can do is to steal other people's policies. I suggest that those members have been unemployed for 9 years, that their policy is devoid of originality and any depth, and that the only policy they have that has any depth or substance, or is in any way achievable, is the policy they steal from New Zealand First.

Vote Police makes good reading. If we take the first line, we see that it states that the appropriation for the police in 2008-09 is a total of—

**David Bennett:** When are you paying it back?

**RON MARK:** There is the boy from San Francisco talking. He should tell members what he does in San Francisco and why he goes there so often. I will get him later. He does not wear a flower in his hair—that I can tell members. He is like me; he does not have much hair, so I would ask what he does there. San Francisco is a funny place, is it not? It is well known in many circles for certain things.

Anyway, the total appropriation for Vote Police is \$1,445.785 million—an increase of 9 percent. That is an increase in the police budget of 9 percent. What we are seeing, with the increase in the police budget, and the increase in police staffing, is the biggest increase of police resourcing, if not a single increase in one term of Government, in the history of this nation. Contrast that with when Tony Smith was a Minister—I mean Tony Ryall. It is hard; one gets confused. “Tony Smith”, “Nick Ryall”—they seem to me like one and the same. They are just as crazy as each other. When Tony Ryall was Minister of Police in the National Government he had a policy of slash and burn. In those days we heard about police cars with 300,000 kilometres on the clock, about dented cars with no warrants, and officers complaining they were repairing the cars out the back of their police stations because there was no money.

**Hon Member:** No Tasers.

**RON MARK:** Well, New Zealand First is pleased to see that the police are still considering Tasers; we just wish they would hurry up and issue them. We will not rest until we see a Taser on every duty belt of every front-line police officer on the beat. National is jumping on the bandwagon saying “Yeah, yeah!”. It agrees with that policy, as well. Contrast that with what National said it would do for police safety. National was going to issue body armour. Well, 9 long years went by and nothing happened.

New Zealand First is pleased to say that we are quite happy with the appropriations for police. The only thing concerning us is if certain people get control of the Government benches and cut the budget again.

**CHESTER BORROWS (National—Whanganui):** I want to talk about a couple of matters in relation to the Police vote, and we will see if we get to the Serious Fraud Office. The first matter is one that we raised at the estimates hearing at the Finance and Expenditure Committee not too long ago. I guess the glaring disappointment over the last few years has been the public's loss of confidence in the police, and their loss of

respect for them, after the Schollum, Shipton, and Rickards fiasco. That was something that had gone on over a period of over a decade—over a couple of tenures of Government—and was washed up, thankfully, over the last few years.

I hope we can move quite quickly to put that behind us. But, unfortunately, there are a set of circumstances around the Bazley report, and the recommendations that came out of that, that stick in the craw slightly. One of them, I guess, was the length of time it took to deal with Mr Rickards. That is the system of justice we have, I guess, and the employment laws we had to operate in as far as the Government and dealing with his employment situation were concerned.

The whole purpose of the Bazley report was to deal with sexual conduct within the New Zealand Police. What we have found is that we now have a code of conduct that does not deal with sexual misconduct, at all. In asking those questions around the New Zealand Police administration, the comments of Dame Margaret Bazley, when she stated in her report that in her view the implementation of a code of conduct for sworn police is a critical requirement for the effective management of sexual misconduct, did not seem to be addressed at all.

It is a real shame that although the code of conduct covers a wide ambit, and does that very well, this glaring, expected requirement is not there. It is difficult to word—I understand that—but the point is that this is what everybody was looking for. The delays are undermining the assertion that the New Zealand Police are taking the recommendations of the commission of inquiry seriously, because what has happened now is that the New Zealand Police has said it will write and implement a document that will run parallel to the code of conduct, and that has never been addressed. We are hoping that it will be released soon. We were told that it would be released in June. It is, apparently, going to the Minister in July, which is nearly over, so we expect to see that before too long.

I want to comment on another matter. My colleague Ron Mark has talked about police numbers, and police numbers have obviously come up. We have seen two tranches and we expect to see the other tranche completed within the term, and I offer my congratulations on the implementation of that. We have to say, of course—and the member will remember this well, because he has a vice-like memory—that that was National Party policy at the last election. The Government said it was rubbish. The Prime Minister said that anyone who was talking about extending police numbers in the thousands was not on the same planet. The Government conceded 250 community cops, and now it has conceded that they will be part of the 1,000 police and the 250 support staff.

I recently had cause visit to South Auckland, and what bothers me there is that I believe that the success of any Government administration in respect of the police will be measured by how well it does policing in South Auckland. If we look at some narrow points—because I have only 1 minute left of a 5-minute speech—we see that the frightening prospect we have there at the moment is that there are, for instance, 157½ members of the Manukau district criminal investigation branch. Eighty percent of those staff members are not qualified as detectives. How does that affect the ability of the police to perform? Well, there were 56 aggravated robberies of commercial premises, such as the robbery of the liquor store of Navtej Singh, between January and June this year, and only five of them were solved.

Thankfully, a special task force has been mounted to investigate commercial aggravated robberies, and it has solved 20 in the last month. But the terrible thing, the hugely distracting thing, about that is that when those officers looked at the files they found that the suspects and the number plates of the vehicles were named, but they did not have the staff to address it. They did not have the staff working in those areas. There

were nearly 500 street robberies in the Manukau district in that same period of time, and they are not receiving attention. So although we can do a lot with staff numbers, what is important is the placement of those staff and their ability to respond according to public expectation and to cover those horrific homicides that crop up from time to time and drag staff in from somewhere else. There is no real salvation in being able to investigate murders when one is dragging staff away from investigating crimes that the public expects will be addressed.

Debate interrupted.

## POINTS OF ORDER

### Members' Pecuniary Interests—Personal Explanation

**CRAIG FOSS (National—Tukituki):** I seek leave to make a personal statement regarding allegations made about myself during question time today.

**The CHAIRPERSON (H V Ross Robertson):** The member is seeking leave to make a personal explanation under Standing Orders 133 and 350. Is there any objection to that course of action being taken? There is objection.

## ESTIMATES DEBATE

### In Committee

Debate resumed.

### Vote Police (*continued*)

**Hon ANNETTE KING (Minister of Police):** I thank my parliamentary colleagues Ron Mark and Chester Borrows for their contributions to the debate on the estimates for Vote Police, and I thank Ron Mark for his comments regarding the recruitment of additional police officers for the New Zealand Police, and for the role that New Zealand First has played in ensuring that the additional officers were available. We are now recruiting the third tranche of those 1,000 sworn officers and 250 non-sworn officers. I, too, would like to say that it was not done with the help of, particularly, Simon Power, who spent a lot of time criticising the recruitment campaign. In fact, he did his utmost to try to portray the recruitment of additional police officers as something that could not be achieved, saying we were going to get bunnies as police officers, they would not be up to scratch, and we would not be able to achieve the goal that we had set ourselves. In fact, we now see that we will not only succeed in recruiting those police officers but exceed the target in terms of the number of police officers that we are recruiting. So I thank the member Ron Mark for those comments about that.

I think it is worthwhile to point out that the Martin review in the late 1990s, which was adopted by the then National Government, proposed a reduction of 500 police officers from 1999 on. What would we be like today if there had been a reduction in police officers? Mr Borrows was talking about the need to have additional officers and the need to have them in the right place. I agree with him in that respect. But that was not National's policy, and it was not its action while in Government. It has been the action of this Labour-led Government, working with a confidence and supply partner, that has given us the additional police officers, and we are also working on the next tranche, as Ron Mark said. The next part of that agreement is to work towards achieving comparable numbers to those in Australia, and as Ron Mark said, that is something the National Party now has as its policy.

Mr Borrows mentioned a loss of confidence in the police following the Clint Rickards fiasco. I have to tell Mr Borrows, who was a former police officer and has very good contacts with regard to the New Zealand Police, that I do not believe there

was a loss of confidence. There was a dent in the confidence of the police, but if one looks at any survey of the public, in terms of their attitude towards the police, one will find there is a high level of confidence in the police. I suspect that politicians wish they had the same level of confidence shown in them that the New Zealand Police has shown in it in the public surveys.

Mr Rickards posed a particular difficulty for the New Zealand Police for one good reason—one that Mr Borrows would know—and that was the arcane employment laws that the police worked under. Mr Borrows' entire working life as a police officer, I believe, would have been spent working under the old arcane employment laws, which made it incredibly difficult to get rid of a police officer who had committed a serious offence. It was made difficult because of the hoops that had to be gone through before an officer could be dismissed. One of the recommendations that came out of the commission of inquiry was to change the way we undertake industrial relations within the New Zealand Police and to bring them into line with the industrial and employment relations that we have for the rest of the workforce. That is one of the recommendations, as the member knows, that has been picked up, and its implementation makes a huge difference to the police.

Another important recommendation that Mr Borrows talked about was to develop the code of conduct. It was amazing to me, when I became the Minister of Police, to learn that the New Zealand Police had never had a code of conduct. Many years ago I worked as a public servant, and amongst the things we did have in the Public Service were codes of conduct. They were things that one expected to be guided by in one's role as a public servant. But that guidance became diluted over time. In fact, it was not until last year that a code of conduct to cover public servants was brought back into the Public Service. In the 1990s codes of conduct were not being implemented and had died out. It was not until Mark Prebble became State Service Commissioner that a code of conduct was brought back into the public sector. The police have never had one. They have had an oath of office, but not a code of conduct.

Debate interrupted.

## **POINTS OF ORDER**

### **Members' Pecuniary Interests—Personal Explanation**

**RON MARK (NZ First):** I raise a point of order, Mr Chairperson. You may have missed the interplay that has just occurred, but it probably did not go past your notice that Mr Borrows came across the Chamber in a very agitated manner as a result of my objecting to Mr Craig Foss making a personal explanation. Can I tell you, Mr Chairperson, that I have no objection to Mr Foss again seeking leave to make a personal explanation. My objection was raised against the background of my being denied the opportunity to make a personal explanation, at which time I did tell Gerry Brownlee: "Never again." Mr Chairman, I just want the Committee to know, and you to know, that Mr Peters is quite happy for Mr Foss to make his personal explanation. I have just spoken to him, so if Mr Foss seeks leave again there will be no objection from New Zealand First.

**The CHAIRPERSON (H V Ross Robertson):** Thank you very much for that, Mr Mark. For members' benefit, can I just say that if people make approaches across the Chamber, that can be seen as intimidation and it can lead elsewhere.

**CRAIG FOSS (National—Tukituki):** I seek leave to make a personal explanation regarding allegations made against me in question time today.

**The CHAIRPERSON (H V Ross Robertson):** The member is seeking leave. Is there any objection? There is objection.

**RON MARK (NZ First):** I raise a point of order, Mr Chairperson. I have just had some accusations thrown across the Chamber that I was spoken to by Mr Dail Jones and made to change my view. Can I make it clear to you—*[Interruption]*

**The CHAIRPERSON (H V Ross Robertson):** Will the member be seated for a minute, please. I just remind members that when a point of order is on the floor, two things are important. The first is that it is succinct and to the point, and the second is that there are no interjections whatsoever. They can be seen as intimidation, and that can lead to a breach of privilege.

**RON MARK:** I just say to you, Mr Chairman, that at the time when I objected I was not aware that the National Party had allowed the Rt Hon Mr Peters to make a personal explanation, because I was not in the House when that occurred. Mr Tremain knows that, which is why he is nodding. Having been advised that had happened, I changed my stance.

**The CHAIRPERSON (H V Ross Robertson):** Thank you, Mr Mark. It is not a matter of explaining things; it is just a matter of whether people object. There has been no objection from New Zealand First. There was objection elsewhere.

## ESTIMATES DEBATE

### In Committee

Debate resumed.

#### **Vote Police** (*continued*)

**Hon ANNETTE KING (Minister of Police):** I return to the issue of the code of conduct for the New Zealand Police raised by Mr Borrows. He expressed disappointment in the wording of the code because it did not explicitly mention sexual misconduct. The explanation given at the Law and Order Committee when we were hearing the estimates was that it was a decision taken by Police National Headquarters to have a generic code of conduct to cover all codes but to back it up with other action. I think the important thing out of this is the change in attitude amongst what has to be a very small number of police officers.

My experience is that the overwhelming majority of police officers in New Zealand are very, very hard-working, that they do have integrity, and that they do perform their duties to the best of their ability in a job that is not an easy one to undertake—and they are more likely to get brickbats than bouquets. I believe that the code of conduct, the way it is implemented, and the monitoring of that, plus the training that goes behind it, are far more important than a few words written on a piece of paper. Actions, as always, speak louder than words.

The other issue the member raised was around policing in South Auckland. I say once again to the member that if we had had a National Government in power then and now, we would not be seeing, with the policy it had following the Martin review, the extra 180-odd police officers in Auckland we are now seeing. We would have seen a reduction in the number, because the Martin review recommendation was to take 500 police officers off the streets of New Zealand. We put the first tranche of newly trained officers where we needed them first, and the first requirement was to put them into our big metropolitan areas, in particular Auckland. The New Zealand Police headquarters, of course, looked at where the greatest need was and deployed them into those areas.

I conclude by saying that I believe that the police have done some amazing work over this past year and that they are looking forward to the work they have to undertake, I believe they deserve all the support we can give them. They have got additional staff and there is more recruitment going on. They have one of the lowest attrition rates in the public sector. Currently, they are sitting on a turnover of 3.9 percent. That rate would be

envied by any other part of the public sector. They have worked incredibly hard on the Policing Bill, which will be passed by this Parliament in the financial year we are looking at. They have worked hard on reducing crime and increasing resolution rates.

I believe that they have also taken very seriously the impact of domestic violence on families in this country. I know that Mr Borrowes would agree with me when I say that if we look back a decade and compare the attitude we had in New Zealand towards domestic violence then with what it is today, we would see how important this area has become not only within the general public but within the New Zealand Police. We can see that this important area is now one of great concern to the police. It is taken seriously and specialist people are deployed to work in this area. We really do need to make a big difference in the family violence we face in this country.

Debate interrupted.

## PERSONAL EXPLANATIONS

### Question No. 1 to Minister

**Hon MAURICE WILLIAMSON (National—Pakuranga):** I raise a point of order, Mr Chairperson. I want to raise with you the events of the last 20 minutes or so where Craig Foss has been seeking leave. I can say that in my 21 years I have never seen a case where a personal accusation—not a political one, not a party one, but a particular personal accusation—is laid by a member in this House, and the person who that accusation is made against gets no chance—

**The CHAIRPERSON (H V Ross Robertson):** This is not a point of order, though.

**Hon MAURICE WILLIAMSON:** I think it is, because if I am not allowed to make it here I am going to ask for the Speaker to be recalled. Mr Foss had some accusations made against him by a member. I am not sure whether the junior Government whip is aware of that occurring. Ron Mark was not, but once he found out, he withdrew his accusations. I am going to ask for the process to happen again—for Mr Foss to ask for leave. If he cannot get leave—because I can understand Labour wanting to put some conditions around this about it being of a personal nature, and so on, then I understand that, but if that is not allowed, then it breaches every principle of natural justice, and any member of this House, whatever party he or she comes from, should have that right.

**The CHAIRPERSON (H V Ross Robertson):** Thank you, Mr Williamson.

**Hon PAUL SWAIN (Labour—Rimutaka):** I appreciate what the member has said, but he may have jumped the gun a little bit. There had already been a discussion going on. I just want to make sure that the implication of the whips' denying leave is not somehow associated with a threat to bring back the Speaker. The reality is that the matter had been resolved prior to the member rising, and I think we can now proceed.

**The CHAIRPERSON (H V Ross Robertson):** I just say to members that we can go backwards and forwards across the Chamber, but members should be reminded that it comes off the debating time.

**CRAIG FOSS (National—Tukituki):** I seek leave to make a personal statement regarding allegations made against me during question time today.

**The CHAIRPERSON (H V Ross Robertson):** The member has sought leave. Is there any objection to that course of action being taken? There is none. The member may proceed.

**CRAIG FOSS:** I thank you, Mr Chairman, and the Committee for permission. This afternoon during question time the Minister of Foreign Affairs, Winston Peters, made allegations that I had not fulfilled my obligations when providing my details for the Registrar of Pecuniary Interests of Members of Parliament. I wish to take this opportunity to set the record straight. The Foss Family Trust is the registered owner of

those shares Mr Peters referred to, the shares in Cynotech Holdings Ltd, and has been the registered shareholder since at least April 2003.

I seek leave to table a document from Link Market Services confirming that the shares referred to have been registered in the name of the Foss family trust for more than 5 years.

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

## ESTIMATES DEBATE

### In Committee

Debate resumed.

#### **Vote Police** (*continued*)

Vote Police agreed to.

#### **Vote Transport**

**KEITH LOCKE (Green):** In the estimates report from the Transport and Industrial Relations Committee there is a transcript of the Minister's comments to the committee where she says that the roading budget will be \$1.7 billion, which is more than double what it was in 1999—that is, \$850 million—and of the present Budget, \$980 million will be spent on roading in Auckland. She talks about \$480 million being spent on public transport, and that over 5 years the expenditure on public transport will be \$2.5 billion, which indicates that public transport spending will be about the same for 5 years, despite the fact that the petrol price increase has been quite dramatic over the past few years, particularly over the past year, and projections are that it will go much higher.

Surely that situation should affect the spending on public transport. Public transport is still a poor party compared with roading expenditure, at a time when the car traffic on our highways is dropping, particularly because of the petrol price increase. The price for motoring has now gone up substantially. The Automobile Association says costs have gone up over the last year by \$614 per motorist for those who travel about 14,000 kilometres a year. The Government and the Minister often say—rightly so, if we look at it in terms of multiples since the Government came to office—that there has been quite a significant increase in public transport expenditure. But when we compare it with roading expenditure, the \$480 million being spent on public transport in the current year is much less than the \$850 million increase in roading expenditure since the Government came to power.

In some ways the increase in public transport spending is just part of an increase in the usage of public transport. For instance, in Auckland the usage of rail has gone up hugely—in fact, by 35 percent over the last year, I understand, or from about 1 million journeys a few years ago to 5 million or more now—and bus usage has gone up by 7.3 percent in the past year. The Government's per-passenger funding accounts for most of that increase in public transport expenditure up to \$480 million, and still we have very overcrowded buses and overcrowded trains. Particularly at peak hours very often there is more demand for public transport than there are buses and trains available.

The reason why the Greens are saying to cut back the roading expenditure and put the money into public transport expenditure—and Jeanette Fitzsimons has a member's bill before the House now that will move in that direction—is that there is so much more that needs to be done. I do praise the Government for what has been achieved in terms of the Northern Busway coming on stream, the Auckland line double tracking, the

reopening of the Onehunga line, and the Auckland line electrification that can now proceed, now that the Land Transport Management Bill has been passed. But there is just so much more to be done, particularly in Auckland.

The Auckland Regional Transport Authority has a project that will cost over \$1 billion for extending rail beyond the dead-end of the Britomart underground, connecting up with Mount Eden, running a new line from Avondale through to Onehunga, and then from Onehunga to the airport, the airport to Manukau City, and then hopefully beyond that, around and through to Botany Downs. That will involve a huge amount of extra expenditure, and the money devoted so far, if we are looking at it over 5 years, being \$2.5 billion—not much of an increase on the present—is just not sufficient.

The money that needs to be spent on cycling and walking is currently in this Budget at \$33 million and that is good, but we obviously need a lot more than that and a lot more pressure on, and coordination with, the local authorities to build a proper network. Thank you.

**Hon MAURICE WILLIAMSON (National—Pakuranga):** In the 5 minutes that I have I will concentrate on only one issue with regard to transport, and I will let my able colleague the Opposition spokesperson on transport, David Bennett, cover everything else. I will cover the issue and the debacle of the road-user charge increase for this financial year that occurred on 1 July, and try to get just a few facts on the table about how badly mismanaged that issue was, and how bad some of the answers we received in the House were, in terms of being not just bad answers but factually incorrect answers.

The first issue was that road transport users out there have been asking, for some time, to be given at least a month's notice of changes. That is all they wanted. They wanted 1 month's notice of a road-user charge increase so they could put their billing systems in place to start charging at the new rate, come the next month. They did not want, say, 12 months, 30 months, or anything else—and they had to hand in the old notice of road-user charges if they had bought them for more than the 1 month. What they did not realise, and what I have actually been able to tell them, is that until 25 March 2002, the provision was actually in the law. The Road User Charges Act of 1977 has a section 21 that states that there is to be 1 month's notice. In fact, it was the Labour Government that took the 1 month's notice provision out of the road-user charges legislation.

Let us go back to 2007, because every one of the dates I am now going to give is from last year. First of all, on 9 July the Hon Annette King, Minister of Transport, wrote to the Road Transport Forum and said: "I appreciate your offer of the Road Transport Forum New Zealand (RTFNZ) to continue working with us on RUC and other land transport related issues." Basically she was saying to the Road Transport Forum that the Government understood that the forum had an issue about this, and about how road-user charges were set, and appreciated its offer to work with the Government. Members should remember the dates, because I will have to come back to them from time to time. That was a letter from Annette King on 9 July last year.

An email then arrived at the Road Transport Forum New Zealand on 5 September—just less than a month later—to the chief executive from Barry Kidd at the Ministry of Transport. It stated: "... I have outlined below a brief summary of the issue with giving notice of future heavy RUC increases and a proposed solution that the Minister has indicated should be included in a RUC amendment bill to be introduced into the House later this year." So that is what the man from the Ministry of Transport said to the Road Transport Forum. He said that the "solution that the Minister has indicated"—those are the exact words in his email—"should be included in a RUC amendment bill to be introduced into the House later this year.", to cope with this issue.

One would assume from that that the Minister was telling the forum that it had got what it wanted, so on 21 September after a board meeting, Tony Friedlander, the chief executive, wrote back to Annette King, and said: “The Ministry of Transport has now advised us that you have agreed to a solution being included in a RUC Amendment Bill to be introduced into the House later this year.” So there we go. On 9 July Annette King had said: “Thank you for working with us.” On 5 September the Ministry of Transport had told the Road Transport Forum that the Minister had agreed to the amendment, and on 21 September the Road Transport Forum had written back and said “Thank you for agreeing to do it this year.” I ask members to remember that that was what was said in both the email and the response in 2007.

On 1 July this year Tony Friedlander and the Road Transport Forum, which is not averse to being over-zealous in some of the statements it makes—it has to work with the Government, and keep and curry favour—put out a press release stating that trucking operators had been deliberately deceived by the Minister of Transport, Annette King. This is the press release: “Deliberate deception by Minister of Transport Annette King over increased Road User Charges”, and I understand why truckers felt that way. They had had an email saying that the issue would be tidied up last year. It was the Labour Government that had taken out the clause that had allowed it, so I imagine that when the big strike occurred across the country and trucks brought cities to a standstill, the Prime Minister would have had to be scraped off the wall, based on her Minister’s behaviour.

But then Harry Duynhoven got up in the House and tried to answer that, when I talked about the letter from the Road Transport Forum dated 21 September 2007. Harry Duynhoven, as acting Minister, responded: “I shall quote from a reply of the Minister of Transport to that letter.” Then he went on to read out Annette King’s letter, which says: “You will be aware, as I am, that had the government provided further notice of the increases, there would have been a significant amount of pre-purchasing ...”. I thought, “Well, OK—so they did reply to the letter after all, and the Road Transport Forum has got no right to complain.” Then Harry tabled the letter, which was dated 10 April—long before this stuff ever began.

**Hon ANNETTE KING (Minister of Transport):** I will take just a brief call to answer some of the points that Maurice Williamson has just made. First of all, he mentioned that under the road-user charges regime in the previous Act, a month’s notice was given. It was changed in 2002. Who voted for it? The National Party voted for it. Every party in the House bar New Zealand First—in my memory—voted to make that change, and that member has just stood up in this Chamber making it sound like the Labour Government made a change that National did not agree with. Well, he voted for it. So there goes the first piece of evidence that one cannot trust what he is saying.

Let me give members the second piece of evidence. When we had the estimates at the Transport and Industrial Relations Committee, Mr Williamson came along armed with all sorts of information to have a king hit at the select committee.

**Hon Maurice Williamson:** And you gave us 20 minutes.

**Hon ANNETTE KING:** Oh, in fact I gave the member much more than that. The fact that the member, knowing that I had a Cabinet committee meeting, decided to make me wait outside for half an hour before I came into the select committee is not my fault. It is the member’s fault, not mine. But let us get back to the next thing the member did.

**Hon Maurice Williamson:** Not true.

**Hon ANNETTE KING:** Oh, that is the truth, I say to Mr Williamson, and the member has something different on the table.

**Hon Maurice Williamson:** That’s not the truth.

**Hon ANNETTE KING:** It is absolutely the truth, and I would say to the Chair that the Chair would back up my comments. The member kept me waiting outside for half

an hour when he had asked me to come at a certain time. I gave the member the time that I had before I had to go to a meeting. If the member does not want to respect the timetables that are given, then that is the member's business.

At that meeting the member said that it was a disgrace and it was outrageous that the Half Moon Bay ferry is getting \$126 subsidy per passenger.

**Hon Maurice Williamson:** No, I didn't.

**Hon ANNETTE KING:** Oh yes, the member did. I have it written down here. I quote what he said during the select committee meeting: "I was gobsmacked to find out the other day that the subsidy for the Half Moon Bay ferry is \$126 per passenger trip—\$126, just from Half Moon Bay around to the base!". I say to Mr Williamson that that is what he said.

**Hon Maurice Williamson:** Then I said: "Is it correct?"

**Hon ANNETTE KING:** The member said it as a statement. Let me tell the member that the subsidy is \$4.14. That sort of over-the-top rubbish means that one cannot believe him as Minister of Transport. He was the laughing stock of New Zealand when he was the Minister of Transport.

Let us take Mr Williamson's comments on the road-user charges. This is what he said in his press release: "The increase is estimated to push up the cost of running a 20-tonne truck by more than \$56,000 a year." That is what he said in his press statement. Well, I am advised that in order for that to be possible, and to meet the claim that the exaggerating Mr Williamson has made—I tell members to listen to this—the most common type of 20-tonne truck would need to travel at an average of 330 kilometres per hour, 24 hours a day, 365 days a year. To make that claim work, I ask whether members know of any 20-tonne truck that can travel at 333 kilometres per hour, 24 hours a day, 365 days a year, because to make that claim true, that is what it would have to do. A lot of twaddle has been spoken by Mr Williamson.

One of the things that Mr Williamson will face if National becomes the Government is the fact that he will not be the Minister of Transport. He will not be the Minister of Transport because his leader will not let him—and that is the talk around the transport sector. I hope that Mr Bennett is the spokesperson, because at least he talks about more than just roads. If anyone remembers what Mr Williamson used to say when he was the Minister of Transport, they will know that his only policy was to privatise our roads. That was his big policy. He probably had another one, where he was going to phase in driving on the other side of the road, as well, but his big policy was to privatise New Zealand's roads. Has he ever spoken about passenger transport? Has he ever talked about investment into transport?

**Hon Maurice Williamson:** This is supposed to be estimates.

**Hon ANNETTE KING:** Oh yes, it is supposed to be about the estimates. The member has spent his time talking about road-user charges; so have I. He does not like it, but I have told this Committee what a lot of twaddle the member speaks.

**DAVID BENNETT (National—Hamilton East):** This Minister in the chair, the Hon Annette King, will be known as the "Minister of No Planning in Transport". That is a symptom of her managerial style in the transport portfolio. If we look at the estimates questions asked at the Transport and Industrial Relations Committee, we find a perfect example of what this Minister and the Labour Government stand for in transport. They have no planning.

There is a project in Auckland whereby the Government is building a four-lane road, but two lanes of that road will be coned off because there has been no planning as to what the road is going to be once motorists go through the tunnel. The Albany to Pūhoi realignment B2 (ALPURT B2) project, at the Johnson's Hill Tunnel, will be coned off so that people have to travel through a four-lane tunnel, with coning on two of those

lanes because there is nothing at the other end. The road just reverts to the two-lane road that was previously there. That is the planning of this Government. It is spending millions of dollars building a tunnel through a hill, and is then going to cone off two lanes of it. What is the point in doing that? Why would anyone build a road and then cone it off?

That is the reality of this Government. It has had no idea about its planning processes. It has been reactive to any issue that has come up. It has put the New Zealand land transport sector into a state of flux. It has changed all of the organisations that are dealing with land transport in New Zealand. It has done a very quick process of change in the industry, trying to find some solutions. It has not actually debated what the major problems are; it has not looked at what could be solutions to some of those problems.

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

**DAVID BENNETT:** Before the dinner break I was talking about the ALPURT B2 project and the need for the Government to block off two of the lanes of one of the bigger projects it has done this year. That is a symptom of the Government's failure to understand transport planning, and of its failure to provide a constructive approach to construction in the transport industry over the last 9 years.

We hear many accolades from the Government that say how great it is at spending money in the transport sector, but that is not shown in many of the regions. For example, I would like to see the Minister of Transport come to the Waikato, visit the regional council there, and detail to that council why Land Transport New Zealand has decided that the Waikato Expressway is no longer a priority for this Government. That would be a challenge I think the Minister should take up. She should go to that region and tell people why Land Transport New Zealand has found that it cannot fund the Waikato Expressway, a project that we are sitting there waiting for. We have been waiting for many years for this Government to assist in that project.

Government members are all very good at cutting the ribbon on projects started when National was the Government, but they are no good at setting up their own construction. They have taken the credit for what we set up over 9 years ago, but what are they doing now? Are the bulldozers moving on that road? No, they are not moving. We need a constructive approach to planning in transport, and we are not getting that in our region. The Minister may come and talk about some projects on the western side of the seat of Hamilton West, but the projects are there only to mitigate the loss of that seat in an election. The big project needs to be completed, and I challenge the Minister to come to our region, to take up the challenge, to meet with the officials, and to give them what they need and what they want to hear in our region.

The regions have been sadly, sadly let down by this Government. This Government does not care for the heartland of New Zealand; it cares only for votes. It does not care about what actually makes this country strong—the people who have built this country and the people who will build it in the future. We need that kind of structure in the Waikato, and I challenge the Minister to come forward and to deliver that to us in the near future.

**Hon ANNETTE KING (Minister of Transport):** I rise to respond to that challenge from the junior member for Hamilton East, David Bennett. Before I answer his questions, I say I would not like to short-change Maurice Williamson, because to do that would be most unfair to him. Before the dinner break I set out three major errors he made at the estimates hearing. However, there is a fourth one, so rather than short-change him I will tell members about it. At the Transport and Industrial Relations Committee hearing, Maurice Williamson said: "There is a ferry service to Rakino, and based on the numbers currently using it and the cost of running it on diesel currently,

that would be nearly \$2,000 a passenger trip subsidy.” That is what Mr Williamson said at the select committee. I inform him that the subsidy is \$49. I point that out because National’s spokesperson on transport does not know one end of a vehicle from the other. He knows only about roads, roads, and roads. Even though he knows about roads, National built very few of them when it was in Government.

I now move on to Mr Bennett’s points. He said I should go out to the regions and see what is happening. I say to Mr Bennett that I have been to many of the regions. In fact, as members of this House would know, I come from a very small place in New Zealand, and if anyone knows small-town New Zealand it is me. I love visiting the regions. One of the regions I love to visit is Marlborough, and one of the places I was most proud to visit there was the Awatere Bridge. I will tell members a little about the Awatere Bridge. *[Interruption]* I will tell Mr Finlayson about the Awatere Bridge because I know he will be very interested in it. My colleague the Hon Paul Swain was the Minister of Transport. He went to Marlborough and met the people there. They said it was a disgrace that they had asked the National Government for 9 long years to replace their bridge, which was built in 1908. Did National listen to the people of the provinces? Did it listen to the people of the regions? No, it did not, and it was not until my colleague the Hon Paul Swain approved and funded the Awatere Bridge that the people of Marlborough got it. I was pleased to be the Minister of Transport who went down and cut the ribbon when it was opened.

I challenge Mr Bennett to tell me about one ribbon that I have cut for a project that was the work of the previous National Government. I challenge him to tell me about one ribbon cut by Paul Swain for a project that was the work of the National Government. I challenge him to tell me about the Albany to Pūhoi realignment B2, because the member talked about that project. That project was brought forward by this Government by 10 years, on the understanding that the road would be built as it is and would be a toll road. That was the understanding. It is being built, and it will be opened by the end of this year.

Then the member mentioned the Waikato. I absolutely agree with him about the Waikato. That region got no attention from the National Government. National took the vote for granted in the Waikato, and it thought that because the grass was green around the city it would always have the votes. Well, the member knows that some of the biggest funding increases that have gone into the regions went into Waikato and the Bay of Plenty. A lot of lobbying and hard work was put in by Martin Gallagher, and the member Mr Bennett has given no credit at all to the fact that this Government has put a huge amount of money into transport.

How much money have we put into transport? Since 1999 the amount of funding that has gone into roading—let us just take roading, for example—

**Hon Darren Hughes:** How much?

**Hon ANNETTE KING:** It is more than double the \$850 million put in by the National Government in 1999—that is just for roading. It has gone up to over \$1.9 billion in 2008-09. That includes both capital and maintenance expenditure on State highways and central government funding for local roads. Transport investment as a percentage of GDP has gone up from just under 1 percent in 1999 to 1.6 percent in 2008. I could go on, but I do not need to do so, because the people of New Zealand know that the real commitment in transport has come from a Labour Government.

**DAVID BENNETT (National—Hamilton East):** I raise a point of order, Mr Chairperson. The Minister laid down a challenge for me to name a Waikato roading project begun by a National Government that she has cut the ribbon on. I would like to draw her attention to the Long—

**The CHAIRPERSON (H V Ross Robertson):** No, Mr Bennett. That is a debating issue.

**DARIEN FENTON (Labour):** As a member of the Transport and Industrial Relations Committee I was really pleased to take part in the estimates discussion around Vote Transport this year, because there was so much good news in the Minister's presentation, and there was good news for all the people of New Zealand.

Before I get on to the good news, I want to go back to the Albany to Pūhoi realignment B2 (ALPURT B2), which the member from Hamilton, David Bennett, has mentioned. A couple of weeks ago I saw a funny little video featuring the member Dr the Hon Lockwood Smith. He was driving around in his Ford Mustang Cobra car, and there he was in the middle of the ALPURT B2 tunnel. He said it was his favourite place in the whole electorate, because it represented a real difference for the people of his electorate. Who has been responsible for ALPURT B2? Was it Lockwood Smith? No, it was not. It was this Government.

The Minister has talked about the huge amount of money that has gone into roading from the Labour-led Government. That funding was pathetic in the 1990s. I live in Auckland; the only road I saw built was the "Maurice Williamson Highway" from the airport out to east Auckland somewhere, because it made it easier for him to get there. Members will remember when the roads at "Spaghetti Junction" did not match, and drivers could not get from the west to the north—they can now. They could not get from the south to the north—they can now. They can go all the way up to Ōrewa on the motorway. They can get the Northern Busway if they live on the North Shore. Where I live, in the west, we have seen the double tracking, and will see the electrification, of the railways. What a huge difference that is making.

This Government has done a lot more than build roads. We are putting together a transport system that is about the future, one that fits together and responds to community needs in a sustainable way. I ask the Minister in the chair, the Hon Annette King, how many years we have heard the calls for hypothecation—to spend all the money we get from excise tax on roading or on land transport.

**Hon Darren Hughes:** Which Government's doing that?

**DARIEN FENTON:** Well, this Government has done it. Do members know what the bill was called that was passed a few weeks ago? It was called the Land Transport Management Amendment Bill. Did the National Party members support it?

**Hon Darren Hughes:** They must have done.

**DARIEN FENTON:** They did not, I say to the member. I still do not understand that, because I am still waiting to hear the reasons for that from the National Party members.

I, too, like my colleague Mark Gosche, have recently been out with the coastguard in Kaipara in the Helensville electorate—John Key's electorate. It was a lovely trip up the Kaipara River and out on to Kaipara Harbour. Those volunteers are really wonderful and they are delighted with the passing of that legislation, because they will get some well-deserved money from the petrol tax collected from the boaties. We all know the coastguard does a wonderful job. The personnel are volunteers. They not only save lives but prevent accidents, and they raise money for communities and to keep their service operative and professional. They deserve to receive that money, and I still do not understand why the National Party would be opposed to that. What have its members said to the coastguard? Certainly, members of the coastguard do not understand the party's position, either.

Then there is the regional fuel tax, which was also covered in that bill. Again the National Party was opposed to that, but that tax will be able to advance some of the real

things we need to do, like the electrification of the rail network in Auckland, and the building of the Transmission Gully highway north of Wellington.

In this debate we have talked about all of the new roads that we see around us—the fruits of the investment that this Government has put in over many, many years. But we have an eye on the future, and the fact is that roading alone is not the answer. We have also talked about our investment in public transport, which is over 15 times higher than it was in 1999. That investment is already delivering results to commuters and making it easier for New Zealanders to use environmentally friendly transport.

Of course, then there is the railway. We bought back KiwiRail. We bought back the tracks, and now we have bought back KiwiRail. Is that not a popular decision? Eighty-eight percent of people support the decision of the Government to buy back rail, and lots of them were National voters. I wonder what the National Party will say to those people.

This Government is delivering to New Zealanders, and there is good news in the estimates report. I have to ask what National is doing and what it is promising. Will National reduce road-user charges? National is out there cheering on the truckies, but will it reduce road-user charges?

Vote agreed to.

**Vote Crown Research Institutes** agreed to.

#### **Vote Economic Development**

**Dr RICHARD WORTH (National):** The latest New Zealand Trade and Enterprise document—the statement of intent for 2008-11—which was fleetingly considered by the Commerce Committee in connection with these issues, asserts in the foreword that the document supports achievement of the Government’s economic transformation priorities. In this short period that I have I will look at that phrase “economic transformation”, because the phrase implies beneficial advances. Yet the reality is that the economy is characterised by a move into recession, high interest rates, high household costs, a collapse in business confidence, and a collapse in consumer confidence. That is writ large, I would say, by way of example, in the massive failures in the finance company sector, which seem set to continue. I note, for example, in the case of Hanover Finance, that it has suspended repayments of principal and interest owed to 16,500 investors in an amount of around \$554 million. The total amount of investors’ funds tied up in 25 failed or stricken finance companies is about \$3.3 billion. Some of those collapses suggest fraudulent activity. It is very interesting to see what the Government’s response is to that—that is, primarily legislative. But I say that much more could be done. There needs to be a resourced investigation into delinquent and criminal activity. Fine, the Minister has signed a new output agreement with the Securities Commission, but there does not seem to be a will to bring those who have erred to justice.

There is a second aspect to all of this, and it is that there need to be changes to the High Court rules to enable class rather than representative actions. We are seeing that at the moment—arguably—in the case of the Feltex litigation, where a number of lawyers acting for Feltex corporate interests are seeking to head off a representative action in a setting where Feltex shares were worth \$254 million but that value was lost when the company went into receivership in 2006. That is why those on this side of the Chamber have been urging some more determined action in respect of delinquent and criminal activity, and urging changes to the High Court rules—not directly within the Government’s control, but something, nevertheless, in respect of which comment might be made to enable class rather than representative actions. It would be a tragedy, I

would say, if those who are litigants and investors who face very substantial losses are not able to pursue those claims for technical reasons relating to limitations in the rules.

Economic transformation under this Labour-led Government is sadly an exercise in cynicism, and I would just like to offer the challenge: why do we not embark upon a programme of true economic transformation? Why do we not seize the agenda that the Labour-led Government identified on 6 March 2006 in a Cabinet minute as to what the core elements of economic transformation will be?

**Hon Damien O'Connor:** What's your policy?

**Dr RICHARD WORTH:** I will come to that in a moment. We know economic transformation has failed under this Government. So what should those core elements be? That is what I am going to directly address now in response to the question that has been asked. I think there are probably five things. I am not sure whether I have the time to talk about them in anything other than a very broad way, but they include the following things. First of all, there needs to be an ongoing programme of personal tax cuts. The right incentives need to be put in place to encourage people to work, save, and get ahead.

**Hon Darren Hughes:** Labour's done that!

**Dr RICHARD WORTH:** To the interjecting member I would just say that 39c in the dollar is not reflective of an ongoing programme of personal tax cuts. It is an important issue. Why? It is important because many business formations are not in a corporate structure. Many of them are unincorporated individual businesses. Second, there needs to be discipline brought to Government spending. Members on the Government side know just what a hollow activity that has been by this Government.

**Hon PAUL SWAIN (Labour—Rimutaka):** Before I fulsomely praise the Government for its incredibly good work around the economic development agenda, I say that I think it is a bit disingenuous for that member, Dr Richard Worth, to criticise the Labour-led Government. He said there would be—and we were waiting for—five key policy planks; we got one, and we started to get a bit of a nibble at the second one. The first one was an ongoing programme of tax cuts. So I ask the member: what is the National Government's tax cut programme?

**Dr Richard Worth:** I raise a point of order, Mr Chairperson. I seek leave to respond to the very direct question that the member has thrown down.

**The CHAIRPERSON (H V Ross Robertson):** No, no, no. It is a debating issue; the member is trifling with the Committee. I invite Paul Swain to recommence his call.

**Hon PAUL SWAIN:** Very good. Thank you, Mr Chairperson. I did not raise the issue of tax cuts; that member did. We have been told through the media that the National Party has completed its tax cut policy programme. It is ready to go, it is locked and loaded, and it will be released, National says, in the election campaign. I ask, why not now? This was policy plank No. 1. We know we will not get any further with that, because it is all smoke and mirrors and National will never tell us. That was policy plank No. 1.

The second policy was more discipline around Government spending. What do members think that is code for?

**Hon Darren Hughes:** Cut, cut, cut!

**Hon PAUL SWAIN:** That is exactly right. I want to ask the member what this actually means. Does it mean cuts? What are these Government spending issues that will have to show more discipline? Which ones will have to show more discipline? See, it is all bumper sticker slogans. It is all sizzle and no sausage. There is nothing to it, and National members think they can slip and slide their way to the election. It is not working, because the clamour is already growing.

Then the member says that there has been a problem with consumer confidence. The member is absolutely right. It is led by two things: a huge increase in petrol prices brought about by demand and speculation, and food prices. So I ask the National Party what they will do about the international petrol price.

**Dr Richard Worth:** Does the member want a response to that?

**Hon PAUL SWAIN:** Well, I was waiting to hear it from him before. The member had 5 minutes and he did not mention it. All he had to say was what the National Government will do to influence the international petrol price. I can see the petrol producers shaking in their boots as they listen to Richard Worth about to launch a campaign to drive down petrol prices!

He then said that there was a problem with interest rates. It would be interesting to know what the National Party would do about interest rates. I would be interested to know what the National Party would do about the subprime mortgage problem in the United States. This will be waited for with bated breath all around the world—Richard Worth and the National Party will pronounce on what to do about the subprime mortgage problem in the United States! It will come soon after their pronouncements on what to do about oil problems around the world. Well, we can hardly wait to hear these things.

Then, of course, he went on about the Securities Commission and about some of the failed finance companies in New Zealand. He says the Government's response has been to regulate. Well, that is actually what a lot of people want—they want financial advisers to be regulated. I presume the member will do so. But I did not hear any of the five planks—he never got to what he would do about that. What would he do? What would he do about the problems that were inherited a long time ago—mezzanine lending; lending long and borrowing short? All those problems have been around with financial advisers who were not qualified, and many of whom were crooks. The member now has the cheek to say, "Oh well. This problem should have been sorted out by the Labour-led Government." It is absolutely ridiculous.

Of course, what we wanted to hear was just one little bit of policy. That is all. All he had to do was say that this crisis of confidence in the finance sector is a problem, and this is what National will do—a, b, and c. That would have been good, and then we could have had a proper debate around economic development and some of the very good things that the Labour-led Government has done. That member sat on the same select committee when we heard the Ministry of Economic Development and New Zealand Trade and Enterprise talking about some of those things, and talking about the work they had done in the free-trade agreement with China, which I presume the member agrees with. What about the expos in Shanghai putting our products and services at the forefront of that hugely growing economy? What about the Beachheads programme? I presume the member supports the Beachheads programme. What about the Better by Design programme? That is to mention just a few.

So instead of the member coming in and offering some praise for the work that is being done internationally, he whinges and whines, grizzles and groans—like National members normally do—and tries to come up with a few ideas and policy things, yet we never hear one skerrick of detail.

Vote agreed to.

**Vote Research, Science and Technology** agreed to.

### **Vote Māori Affairs**

**HONE HARAWIRA (Māori Party—Te Tai Tokerau):** Tēnā koe, Mr Chairperson. Tēnā koe e te Minita. Tēnā tātou katoa e te Whare. Reading the Māori Affairs

Committee report on the 2008-09 estimates is like watching a horror movie. The Minister of Māori Affairs makes a really cheeky comment when he says that the record numbers of young Māori fleeing these shores is in keeping with “the voyaging traditions of the Māori,” and calls the loss of nearly 100,000 of his own people to Australia “a positive and natural process.” What? Is the Minister trying to claim credit for the loss of thousands of Māori from our shores? Māori are leaving their homeland, Aotearoa, in record numbers not because of “voyaging traditions” but because this Government—and I have to say this Government, because the record numbers have come in the time of this Government—has failed utterly and miserably to offer them anything worth staying here for. They are running away to a better life because—no offence—the Minister’s useless mob offers them no future here. The Minister should be ashamed of himself, his department, and his Government for allowing such a huge loss of his own people, for opening the doors to tens of thousands of immigrants to fill the gaps, and for doing nothing to stem the tidal wave.

Then, of course, the report skips over references to the Māori Business Aotearoa New Zealand board with a comment that “the chief executive was unforthcoming with information”. In fact, there was a little more to it than that. We found out, in fact, that the Māori Trustee was very forthcoming and very clear in his statements to the committee that he had serious concerns about Labour’s plans to use \$35 million built up for Māori people’s unclaimed land moneys to set up a multimillion dollar business fund to be administered by the personal appointees of the Minister. The Māori Trustee was also very forthcoming and very clear in his statement to the committee that much more public debate was needed before he would lend his support to the Māori Trustee and Māori Development Amendment Bill. It was also very clear that, in fact, the expectation that the Minister had the support of Te Puni Kōkiri and the Māori Trustee for this misuse of beneficiaries’ money was a myth, and that the deal was a long way from being done and dusted.

Then, of course, we heard about the Minister of Māori Affairs giving \$1.56 million to Te Rūnanga o Ngāti Porou to support their “aspirations in governance, education, and economic development.”—just before an election year. This is an iwi authority that—surprise, surprise—just happens to be part of his electorate, which is just brilliant. But given that that sort of practice is encouraged, I ask whether the Minister’s generosity extends to other iwi. I know that iwi up my way—Ngāpuhi, Te Arawa, Aupōuri, Ngāti Kahu, Ngāti Wai, Ngāti Whātua—also have major aspirations in terms of their governance, education, and economic development. I have no doubt that the people of Taranaki and Wanganui have the same aspirations too, as do Kahungunu, Te Arawa, and everyone else. Yet, interestingly, it seems that this Government investment into Te Rūnanga o Ngāti Porou simply ain’t going to be available for anyone else. With 13 weeks to go to the election, it would seem that the Minister of Māori Affairs has either to spend about another \$100 million to bring everyone up to the same level, or to risk having simple people like me think that he gave the money to Ngāti Porou to buy votes he might not otherwise get in an election year.

There are many other points I would like to raise, but I end with this challenge. Any Māori happy with the horror story that is Vote Māori Affairs can keep voting for more of the same—Labour or National. We have had them both for the last 75-odd years, for no return whatsoever. Any Māori wanting a change for the better, a change for a brighter future, and a change where they can feel positive and proud to keep calling Aotearoa home, can turn to the only party that will guarantee a Māori role in any future we have in this Parliament: the Māori Party. Tēna koe Mr Chairman, tēnā koe e te Minita, kia ora tātou katoa e te Whare.

**DAVE HEREORA (Chairperson of the Māori Affairs Committee):** There are three areas of particular interest that the Māori Affairs Committee examined in the estimates for Vote Māori Affairs. The first was an examination of whether there was priority surrounding the Government outcomes, particularly in relation to families, both young and old. We noted that this was aimed at the provision of health, safety and security, and opportunity. The Minister of Māori Affairs outlined the advantages: with the introduction of 20 hours' free early childhood education, a far better level of education results, particularly in tertiary education; free health care for children under six; and Māori having a longer life expectancy—acknowledging the importance of the role of hapū and iwi surrounding those issues. We also noted that the Ministry of Māori Affairs screens providers to ensure resources are being targeted at the intended recipients.

The second area was in relation to non-departmental spending. Of the 2008-09 appropriation, which totalled \$189.6 million, 64 percent—or \$120 million—is comprised of non-departmental appropriation. Of that spend, a lot has been transferred from Te Puni Kōkiri to the Māori Trustee, in order to fund a Māori global agribusiness development project. We also noted that an additional \$3 million is to be set aside for the Māori Trustee, the Federation of Māori Authorities, and Poutama Māori Business Trust to establish a Māori business development project.

Finally, the third area of interest was in relation to the Māori wardens. I take this opportunity to acknowledge the Māori wardens, particularly those working on a voluntary basis, as they are doing a sterling job out there. We note, too, that an annual fund has been established to resource Māori wardens directly for locally-based initiatives that focus on improving outcomes for Māori youth and whānau. We now have more than 340 wardens who have received training in first aid, defensive driving, etc., and those qualifications are recognised nationally, particularly in the areas of work that they need to be trained in.

Overall, the three areas that we thought were of particular interest are looking quite positive. Those were the areas that I really wanted to focus on this evening. Kia ora.

Vote agreed to.

### **Vote Education**

**ANNE TOLLEY (National—East Coast):** The Minister of Education came before the Education and Science Committee, and we questioned him at length about the Government's proposed policy Schools Plus. For the benefit of members, this was announced with a big fanfare at the beginning of the year by the Prime Minister. This was a major launch of a major policy. It is listed in the statement of corporate intent, and it is listed in the preamble to the Budget as one of the Government's priorities. In fact, it is here in the statement of intent as one of four particular strategies aimed at getting young people to participate and achieve in education. Somewhere in all that fanfare we heard the figure of \$170 million; so it was not an insignificant project. When the Budget came out we looked for the details of the expenditure, and I have to say that we looked in vain.

The first document that came to the select committee was the standard questionnaire that comes from the Finance and Expenditure Committee. It asked the ministry to explain all significant changes to existing policies, all new policies, and to detail any reprioritisation of outputs from within current baselines. So we thought we would see the first tranche of funding for this major initiative called Schools Plus outlined in this document, but there was nothing, no mention of it, and no detail of any expenditure—nothing. It is a \$170 million project but it does not even rate as one of the new policies.

So then we looked to the wider Budget document and we were very pleased to see that in that document there was some mention of Schools Plus. That was good. Again we looked to see where the funding was. We saw that it would be funded out of a number of appropriations. So we have things like strategic leadership in the sector, support and resources for education providers, strategic leadership in the tertiary system, support and resources for teachers, interventions for target student groups, school property portfolios, and support and resources for the community. But when we turn to all of those pages we look in vain, because no dollars are listed for Schools Plus. There is no money and no indication of what has dropped out of baseline expenditure in order to fund the areas described in the Budget for this major policy initiative, which is worth approximately \$170 million. There is no indication of how that \$170 million is to be made up and no indication of how that figure was even arrived at.

We asked the Minister what the story was, because we expect to see over the next 12 months some indication of expenditure. The Minister said: "As costs develop, and they haven't yet because we have had only the very initial conversations around it, and we've had ministry officials travelling about doing that, we will meet it from new funds, not from existing funds." I say to the Minister that we were asking about both, because neither was specified in the Budget, from either existing baselines or any new funds being made available for this major initiative—this revolution that was described to us.

Actually we did establish, through the other questions that we asked of the ministry, that some funds had been expended and were to be expended. In fact, we found that in the coming financial year, \$668,500 worth of expenditure was to be incurred. Most of that was to be for personnel—half a million dollars for personnel. I put it again to the Minister here in the Committee that this is a policy that was developed on the fly because National came out with a fantastic policy release that found pretty much universal favour. The Government had to come up with something pretty quickly. It worked through it quickly and in March it put a discussion document around all the schools because there was no information.

**Hon CHRIS CARTER (Minister of Education):** What an embarrassing speech that was from National's education spokesperson, Anne Tolley, who is the member for East Coast. I am really glad that she brought up Schools Plus because that individual is National's education spokesperson. She stood in this Committee and started to talk about Schools Plus. People listening to Parliament, or viewers watching on television, will not know that the National spokesperson on education put out a press release, about a month ago, on this very issue. It revealed that she had not even read the discussion document—and she is National's education spokesperson! She is putting herself up to be an alternative Minister of Education. She made a press statement about the programme and repeated the comments in the Chamber today, but clearly she has not read the document. If she had read it, she would know that the policy Schools Plus is, firstly, the result of a long period of development, and I will talk about that in a minute. Secondly, it does not start until next year. Thirdly, we have put aside \$10 million as a contingency fund for the consultation period. But we are only doing the consultation now, so that does not cost very much.

When the Prime Minister launched this programme she said we would set aside at least \$170 million; it may well be more. The Prime Minister told New Zealand, and I am telling the Committee tonight, that the Labour-led Government sees Schools Plus as our flagship policy. This policy is designed to catch those students in secondary school education who are simply not succeeding at the moment—around 20 to 25 percent of students. They also are the future of our country. We want them to be upskilled, both for their own personal development and for the benefit of all of us, because they are the future of our country. Who would not want our students to be the best skilled, the most

literate, and the most numerate that we could possibly make them? That is great for them, great for the economy, and great for the society of New Zealand.

National's education spokesperson, Anne Tolley, asked where the money was for this programme. I say to her that this is a consultation process at the moment; it does not need much money. This issue is complex and brings together schools, industries, unions, independent training organisations, and the wider fabric of our society—the agricultural sector and industrial sector—and asks them how we can provide learning opportunities for young people who currently are not succeeding in our education system. We are building on things we are already doing. This policy, just described by National's education spokesperson as a policy developed on the fly, has actually been in place for a long time. The Gateway programme where young students go out to gain work experience has now been rolled out to every secondary school. We have 20 schools this year working on a pilot on Youth Apprenticeships; we had 10 last year. These are important building blocks in the process of making Schools Plus work.

Schools Plus is a policy that builds on everything in our 20 free hours policy. National recently copied that programme but took out the word "free", because it had no intention, of course, of giving 20 free hours' education. The Labour-led Government brought in the 20 free hours policy to get as great a participation of young 3 and 4-year-old New Zealanders in early childhood education as possible. Statistics New Zealand tells us that in the first year of operation the cost to parents for their child's participation has been reduced by 30 percent. This incredibly popular policy introduced by the Labour-led Government had its first anniversary just last week. When the programme came in 65,000 young children took up 20 free hours; today 85,000 are taking that up—a 30 percent increase.

The greater participation in early childhood education, coupled with our new curriculum for primary schools, which creates greater flexibility but focuses on core competencies; the work we are doing in middle schooling, which is about lifting numeracy and literacy; and Schools Plus, as it rolls out into the secondary schools, are all about making sure the educational pathway of young New Zealanders gives them a future. I repeat, the educational success of our young people is not only really important in helping them realise their potential but also is critical to the rest of us. It builds a stronger economy for New Zealand and a stronger society.

National's education spokesperson's claim that Schools Plus is a policy on the fly is totally untrue. This policy has been rolled out. It is comprehensive. It is not just about Schools Plus; it is about everyone participating in early childhood education. It is about developing a new curriculum, which I might say has been looked at around the world as a model of best practice. I heard a gasp from the other side of the Chamber. One of the things that I am lucky enough to do as Minister of Education is to represent our country at international conferences and meetings of Ministers of Education. Just a month ago I was in Australia for the meeting of Australian state and Federal Ministers of Education. The Australian Ministers were talking about developing a curriculum for Australian schools. Each state has a curriculum but there is no Federal curriculum. What do they hold up as their best-practice example? It is New Zealand's new curriculum. Our curriculum had 15,000 submitters, 10,000 written submissions, and was an amazing document developed over a long period of time—world best practice. I was in Peru recently at the APEC Education Ministers' conference. New Zealand's new curriculum, the work we are doing in professional development for our teachers, and Schools Plus, which is about lifting the skills of students who are currently not achieving, were held up as a model for the rest of APEC.

I am really proud to be the Minister of Education with an education system here in New Zealand that is world class, cutting edge, and doing as much as it can. Of course, it

has had \$5 billion extra invested in it by the Labour-led Government in the last 8½ years. It is an education system that we can be proud of, and National's education spokesperson—a woman who hopes to replace me at the end of this year, although she will not—makes the comment about Schools Plus that she has not even read the consultation document. How embarrassing for the National Party in an election year that its spokesperson has not even read a consultation document on the most revolutionary change in our schools.

I am really proud of what my Government has done in investing in education, because there can be no more important investment in our country than in education. Education is something that successive Labour Governments, especially this one, passionately believe in. It is something that I as an individual passionately believe in, and I am really proud of what this Budget process we have just been through has delivered for the education system and the children of New Zealand.

**DAIL JONES (NZ First):** New Zealand First believes that the money spent on education will be treated as an investment, not as expenditure. Educational advancement is both in the national and in the individual's interest, and educational investment is critical for our country's economic and social well-being. Again, New Zealand First believes that the foundation of education lies in the family. New Zealand First will focus on programmes that assist families to provide the best environment of care and educational development. New Zealand has an enviable education system by world standards, and the teachers who work in our schools, and all the people who assist the teachers, all the people who work in the Ministry of Education, and suchlike, must be congratulated on ensuring that that happens. Now and then perhaps we will have a few words of praise for members of Parliament, while we are talking about it.

But there is more to be done. In the early childhood education sector, for example, although we may have a 93 percent turn-out there, I believe that is still not good enough. We must always be aiming to make it at least 100 percent, especially because that missing 7 percent is often the group that can end up in jail and end up with problems, and they need a good start early in life. New Zealand First is focused on making sure they get a 100 percent turn-out in early childhood education. We believe there should be an improvement in the funding eligibility so that the icon of New Zealand's early childhood care—Playcentre—can, by some means or another, be advantaged by the 20 free hours' childhood education that is available. It will require a rethinking on the part of the Playcentre movement as well, and I understand that that is taking place at the present time. I was pleased to hear from the Minister in the chair, the Hon Chris Carter, today that the kōhanga reo movement is being supported, as well. Once again, there might need to be a further consideration of the way in which it can be fully supported.

I understand that the biggest problem as far as schools are concerned relates to the operations grant to schools. A lot has been said about the operations grant. New Zealand First regards this as a big problem that must be reviewed and, if necessary, additional funds must be made available for operational purposes once the whole area of the operations grant is fully understood and reviewed.

There are various Government education programmes today that come to light and will be known to the Minister and other members of Parliament. I was rather staggered, though, at how many different Government programmes there are for schools. The immediate thought comes to my mind, as someone who is in business and who has been in business, that each one of those systems and programmes must surely have a bureaucratic back-up, and we just have to be very careful about how many more programmes we institute. Schools Plus, which sounds very good, also falls within this

category. We have to be very careful as to how that is implemented, if it is to be implemented.

In the area of tertiary education New Zealand First supports having a universal student allowance, and we note with some pleasure that the Government is now looking at perhaps extending the universal student allowance even further. The Minister is to be congratulated on reducing the age from 25 to 24, but New Zealand First believes that it should be a universal student allowance. Our policy provides for this to be introduced over 3 years and we challenge the Government to do the same. We have a policy of having a bonding system for medical students who are willing to trade off student loan abatements for staying in New Zealand. It must be a good policy, because until recently it was the only education policy released by the National Party, but we are always only too pleased to allow our policies to be borrowed by others.

New Zealand First and I are exploring the extension of this policy to teaching, nursing, and other employment areas, such as the building industry. But as a lawyer I say that we should certainly not extend it to lawyers; there are far too many of us already, and we could possibly close a law school rather than look at opening a new law school. We should not open a business law school, which I see that the Auckland University of Technology wants to do. We have far too many lawyers already and I question that development. Why do we allow a situation whereby we train doctors, nurses, teachers, builders, and suchlike for Australia and elsewhere? Why can we not do something to keep them in New Zealand? For example, we could have a system where a student loan of \$30,000 to \$80,000—which might exist at the moment—is abated if that person stays in New Zealand.

Of course, New Zealand First also asked the Government to consider the Auckland University of Technology idea. The National member has spoken about the non-allocation of funds. I am most concerned to see there is a discussion about the Auckland University of Technology moving to Manukau, at a cost of \$20 million to \$100 million. There was no reference to that in the Budget, whatsoever. It will also be providing courses that are not relevant to the Manukau area.

**ANNE TOLLEY (National—East Coast):** I want to pick up on just a couple of things. The Minister in the chair, the Hon Chris Carter, can stand in the Chamber and hurl as much personal abuse as he likes, but the facts are quite clear. We had a major announcement from the Prime Minister in answer to John Key's announcement of good National policy. Labour has cherry-picked that policy and then produced some of it in a consultation document that went out to schools, and it had more questions than it had answers. There is nothing in the Budget about how it will be funded. There is no evidence of any detailed analysis leading up to the announcement of that policy. A figure of \$170 million has been tossed into the air with no justification.

The Minister said words to this effect to the select committee: "We have made it quite clear that there would be a new appropriation of funds to meet the costs, but at this point in time we do not know how much that will be. The Prime Minister, in her launching of the policy, gave a figure of \$170 million as a rough estimate of what we think it might cost, but that is why dialogue with schools is so important—because there is no cost to it at the moment, but there is going to be, and we need to know what it will be." In other words, the Government had no idea. It made it up and plucked the figure out of the system.

Let me go on to the second of the four initiatives—Ka Hikitia. What did we get with Ka Hikitia? After expenditure of about a quarter of a million dollars in order to improve Māori literacy and success in the education system, some badges were produced for teachers to wear. The badges had "Wassup!", or "Nice!" written on them. This was supposed to raise the level of Māori literacy. Tonight I read the letter that went out with

all that material to the teachers, some of whom have written to me to say how insulted they were that they were asked to wear badges like the “Wassup!” badge. It is not even a Māori word—it is not even an English word! The letter to the teachers states that the ministry is “delighted to present you, the teacher, with resources”. What are those resources? They are bookmarks and a term-date card that were developed to support Ka Hikitia. For heaven’s sake! If we are serious about raising Māori literacy, then the last things we need to be supplying teachers with are fancy badges, bookmarks, and a card telling them what the term dates are.

The letter goes on to state that the measure will help transform the performance of the system for and with Māori. I ask the Minister whether he is saying seriously that presenting teachers with that sort of rubbish, which costs an enormous amount of money—a quarter of a million dollars—will help Māori literacy. That money could have been put into the operations grant, or the teachers themselves could have undertaken one of a number of initiatives that are going now and will address seriously the issue of Māori literacy. Wandering around a schoolyard wearing a badge that says “Wassup!”, waiting to be approached by a student, will hardly lift the levels of Māori literacy.

I heard one of the Labour members talking earlier about the achievements of this Labour Government in terms of the raising of literacy rates. Yes, there has been a small improvement in Māori literacy rates—a very small improvement. But I put it to the Minister that even with that small improvement—a 2 to 3 percent increase per annum—if we are to look at the percentages of Māori students who continue to fall out of the schooling system with no qualifications to enable them to get even semi-skilled employment, then they will be fully grown adults and well out of the school system before they have anywhere near caught up.

I ask the Minister why he does not look at the successful Te Kōtahitanga programme, which is operating in schools throughout the country. It is having a huge effect on the levels of Māori literacy and numeracy, and it is enabling so many more Māori girls and boys to achieve the levels that they need to achieve if they are to take their place in the wider world and contribute to the economy and the community of New Zealand. Why does the Minister insist on putting out this sort of rubbish, which is an insult to both the teachers and the students and does absolutely nothing for Māori literacy?

**Hon MARK BURTON (Labour—Taupo):** I can see why Mr Peachey in the end is driven to take to his feet. He has been holding his head in shame. He has been embarrassed by listening to the so-called National Party spokesperson on education. Have we heard that there is more to do in education? Of course we have. Have we heard that there is more to achieve in education in New Zealand? Of course we have. But I say to the members opposite that it is time to stop abusing and criticising educators and teachers in this country, because when they do what they have just spent the last 10 minutes doing while on their feet in this Chamber, which was cheap political point-scoring, it ignores the world-leading achievement of our teachers and our educators.

I heard the whip on the Opposition side of the Chamber say “What about the tail? Tell us about the tail.” Of course, there is work to do with regard to the tail of underachievement in education. This Government is seized of that matter. But I ask that member, what about the world-leading success in education that the members of the Education and Science Committee have been privileged to hear about, and what about the world-leading achievement of New Zealand teachers, educators, and schools that, day in and day out, we see and hear about? And what do they get from the miserable members opposite? They get criticism and carping for the sake of cheap political point-scoring. It is a shame and an embarrassment to this Committee that the members opposite do not have the dignity, the courage—I am not allowed to say that; I withdraw

and apologise for that remark—and the wherewithal to simply see that this is an occasion to acknowledge the good that they have heard about in terms of the education sector, the teachers and schools of our country.

One of the particulars that the member opposite struggled with was Schools Plus. She took the floor twice in order to try to find some problem with the idea that a major, fundamental sea change in education would not be flipped out overnight, but rather would be evolved after a careful process of policy development and consultation. Officials carefully explained to members of the Education and Science Committee that of course the policy development phase of that work would be undertaken, because it is a high priority. Indeed, no higher priority exists out of the existing baseline funding. I would have thought that a responsible Opposition would say: “Yes, well done, ministry officials; well done, Government, for that matter.” Responsible use of existing resources, the Government’s No. 1 priority, gets priority use of the existing policy resources. That is called good Government. The Minister and the officials made it very clear that the resources would be there in future Budgets for programme roll-out when that is appropriate.

Now I can understand why Mr Peachey feels compelled to take a call to try to salvage some small shred of dignity and respect for the Opposition, after the shameful and embarrassing performance of the person who pretends to be the spokesperson on education for the National Party. I want to say very clearly to that member that this Government has made an investment in education second to no other Government in the history of New Zealand. We have seen huge initiatives, huge roll-outs, and a huge commitment to improving at the basic level literacy and numeracy adequacy in our schools and our children. That goes through to the trades and skills training area, which is critical to New Zealand and was totally destroyed in the 1990s by the National Government. We have reinvested in that area and recreated the wrecked and destroyed apprenticeship system. Our investment goes through to the tertiary level—to advanced, senior tertiary education at the degree and postgraduate levels.

This has been a historic period of investment in education in New Zealand, and New Zealanders have got behind it. New Zealanders have invested in it and worked alongside and with this Government. I suggest to members that this is a time for this Committee to put aside the sort of petty, partisan contributions we have witnessed. I look forward to Mr Peachey trying to make some amends for the shameful embarrassment arising from the comments of his party’s so-called spokesperson on education.

**ALLAN PEACHEY (National—Tamaki):** We have had 8½ years of this Labour Government, three Ministers, nine Budgets, billions and billions of dollars of taxpayers’ money, and hundreds and hundreds of millions of dollars go to special education, and it all comes down to one statement made by the current Minister of Education. If the Committee will bear with me, I will read it. This is what Mr Carter stated: “Not enough of the money earmarked for Special Education is actually getting to school level and more importantly to the individual student with special needs.”

What an indictment on a Government’s policy! These are the very least fortunate of our children, children who have done nothing wrong, with parents who have done nothing wrong; it is just that during a split second in the process of the creation of that life something has gone badly wrong. After 9 years the best the Minister can do is to say that not enough of the money is getting to the children.

Special education is difficult, it is expensive, and it is challenging, and what our special education children and their parents need is a bit of leadership, a bit of intellectual capability, and a bit of compassion to make their lives a little bit more doable. How can it be in this country of New Zealand that the principals of special schools tell me they have waiting lists? The waiting list for a parent with a child who

desperately needs a special education place means waiting for another parent's much loved child to pass away. That is what it means.

I invite the Minister in the chair, the Hon Chris Carter, to take the floor and agree with me that New Zealand has to do better. I invite the Minister to get up and agree with me that New Zealand has to do better for the very least fortunate of our children and their parents, just as I invite the Minister to get up and agree with me that it is wrong that far too many children with special education needs are being bounced from school to school as their parents seek enrolment. I invite the Minister to get up and agree with me that it is wrong that the least advantaged of our children are being told to stay away from school week after week after week.

I would ask the Minister to address one more thing that is troubling me about this issue. When a school says to a parent of a special-needs child: "Your child can come to school only with teacher-aide support—oh, and we can give you only a couple of hours a day.", and the parent says: "Well, look, we understand the difficulties that our child has and the challenges that our child presents. To give our child a fair crack at school we will fund the extra teacher-aide time.", what is the response of the system so often? It is to say: "No, you cannot do that, because that is elitist."

I invite the Minister, when he takes the floor—and I am that sure he will—to tell me that he, like me, finds that a totally unacceptable attitude. Parents have a right, a duty, and a responsibility to do the very best they can for their children, whatever their family circumstances require, and whatever they can manage. If ever there was a system that is increasingly breaking apart, then it is the special education system.

I will finish by making a comment to teachers. The Minister and I spoke to a group of principals in Auckland this morning, and I want to share a comment that I made to those people—

**Hon CHRIS CARTER (Minister of Education):** The previous speaker, Mr Peachey, challenged me to stand up and make a comment about resourcing, particularly for special education. I accept that he is motivated by a desire to help students in our schools, particularly the most vulnerable students with physical and emotional disabilities. I accept that he was a school principal and that he is motivated by good desire. But I have to ask him to reflect back to what the funding in our schools was like 9 years ago, particularly in special education. The Government has more than doubled the resourcing going into special education. Indeed, in this Budget, which we are talking about in the estimates debate tonight, there is a considerable resource for children with vision problems. I had a group of adults from Parents of Visually Impaired New Zealand come to my office just a few weeks ago who were incredibly grateful for the extra funding going in.

It is a measure of how well a society is doing when it looks after its most vulnerable. I think that everybody in this Chamber, particularly on the Labour side, is motivated to be in politics to represent the most vulnerable of our citizens. In education, of course we could deliver more with more resources—as my colleague Mr Burton said earlier. We have virtually doubled education funding, including more than doubling the resources going into special education. Of course we could do more for these students if we had more, but there are no blank cheques in any area of Government. Everyone in this Chamber knows that. Mr Peachey was a school principal and had to wrestle with a budget, just like I did as a teacher. Those are realities. But I stand proudly before this Committee and before this country and say that the Labour-led Government is a Government that is absolutely committed to wringing out as many resources as it can for education. We have put in an extra \$5 billion, we have built 42 new schools, we have put 7,000 teachers above roll growth into education, we have built 1,500 new classrooms, we have put 20 free hours in for early childhood education, we have taken

interest off student loans—so the list goes on. We are doing that not to make ourselves feel good, nor so we can stand up and boast about what we have done; we are doing it because we want to invest in the young people of our country. We want to build a stronger country and a fairer society.

Mr Peachey is right: we need to look after the most vulnerable people in this country. He and I both spoke to a group of middle-school principals this morning. I am sorry that Mr Peachey's time ran out for his comment. I am sure it was going to be a very positive one. I know about his passion for education. We have different views on bulk funding, of course. He is for it; I am against it. He has an opinion and so have I. The population can make its judgment about that. I know he has said in the House that he would like to bring bulk funding back. I guess that that is a battle he has to have in his caucus. Luckily, it is not one I have to have in mine. I want to say to this Committee as we wrap up this debate that I am proud to be Minister of Education in a Government that is committed to education. It is committed to resourcing it. It is proud of what the education system is doing and it is proud of what teachers are doing.

Finally, I have had a really busy day today, as lots of members in this Chamber have. I started off this morning, along with Mr Peachey, in Auckland with principals of intermediate schools. I then went to meet the integrated schools principals who are here, and finally I was with about 400 school principals who are doing a programme called Extending High Standards Across Schools, sharing best practice between schools about lifting numeracy and literacy. That has been possible only because the Government has committed funding to that programme. I am really proud of that. What it is doing is saying: "Your school is doing a great job. Show other schools what you're doing. Learn from each other." It is about the collaborative approach in New Zealand education, which is the great strength of our country. It is where we believe that a child, no matter what school he or she goes to in New Zealand, will get a quality education and be able to succeed.

The National Party spokesperson on education commented about the badge campaign before. The badges were just a tiny part of the package called Ka Hikitia, which is about lifting Māori achievement. That is really important for our students of Māori heritage. They comprise some 20 percent of young New Zealanders, and we want them to succeed.

Vote agreed to.

Progress reported.

Report adopted.

## **LAWYERS AND CONVEYANCERS AMENDMENT BILL (NO 2)**

### **Instruction to Committee**

**DAIL JONES (NZ First):** I seek leave for it to be an instruction to the Committee of the whole House on the Lawyers and Conveyancers Amendment Bill (No 2) that it have the power to consider and, if it thinks fit, adopt the amendment in my name to section 107(1) of the Lawyers and Conveyancers Act 2006 to enable the New Zealand Law Society's practice rules to bind incorporated law firms and former incorporated law firms as well as lawyers and former lawyers.

**The ASSISTANT SPEAKER (Hon Marian Hobbs):** Leave is sought to do that. Is there any objection to that course of action? There being no objection, that is agreed to.

### In Committee

**Hon DARREN HUGHES (Deputy Leader of the House):** I seek leave of the Committee for this bill to be considered as one question while we are in the Committee stage.

**The CHAIRPERSON (H V Ross Robertson):** Is there any objection to that course of action being taken? There is none.

### Clauses 1 to 9

**Hon ANNETTE KING (Minister of Justice):** The purpose of the Lawyers and Conveyancers Amendment Bill (No 2) is to amend the Lawyers and Conveyancers Act 2006 to allow unions, including health professional organisations and employer organisations, to continue their longstanding practice of using in-house lawyers to provide legal services to their members.

The bill was referred to the Justice and Electoral Committee on 17 June 2008. The committee heard the submissions on 26 June and tabled its report on 7 July. The bill completed its second reading on 24 July. It was during the second reading debate that the National Party and New Zealand First raised concern about the scope of the bill and that it may well be too wide. Since those issues were raised in the second reading, considerable negotiations have taken place between parties in this House to find a suitable amendment to the bill to make it within the scope of what this House intended. So tonight we have before us Supplementary Order Paper 216 in my name, along with Dail Jones' amendment, which was the subject of the instruction to the Committee. The Supplementary Order Paper in my name addresses the concerns raised by other parties in this House and amends the bill to clarify that lawyers will continue to be guilty of misconduct if they provide legal advice to members on matters that are not relevant to employer organisations or a union.

**DAIL JONES (NZ First):** I appreciate being able to speak on this matter immediately, and I thank the Minister in the chair, the Hon Annette King. I appreciate the amendment that has been put forward in her name. I expressed some concern when the bill was introduced. We always seem to be debating this bill rather late at night, but we are getting there. I believe that the Minister's amendment will take care of the issue raised by the unions and the business association involved. New Zealand First will be supporting it.

As we are looking at the entire bill at this stage, I draw to your attention, Madam Chairperson, that we now have an amendment to add new clause 10. We do not just have clauses 1 to 9; we now have an amendment to add new clause 10. I will move now—because we are looking at the bill as a whole—that we accept new clause 10. I will not be proceeding with the amendments to clause 6 in my name, but only with the amendment to add new clause 10, which the House as a whole has given leave to be considered by this Committee. A clause on its own is otherwise not within the scope of the bill; hence the reason for my motion earlier on. So New Zealand First supports this matter and looks forward to its being completed as soon as possible.

**CHRISTOPHER FINLAYSON (National):** The National Party will support Supplementary Order Paper 216, and, of course, it is supporting the Lawyers and Conveyancers Amendment Bill (No 2). The bill raises a small but very important issue about access to justice. It is extremely important that members of trade unions and members of organisations like the Nurses Organisation, Business New Zealand, and the Hospitality Association have access to lawyers in the employment of those bodies so that they can obtain swift and inexpensive advice on matters that are of great importance to them, particularly in the areas of employment, and on some of the matters that are set

out in the Supplementary Order Paper. Perhaps it would be useful if I explain how exactly we got to this position.

The starting point is Part 1 of the Lawyers and Conveyancers Act, which sets out certain preliminary provisions. After dealing with the fundamental obligations of lawyers and conveyancers, there are then a number of sections that deal with misconduct. The important one for our purpose tonight is section 9, because it provides that “A lawyer is guilty of misconduct who, being an employee, provides regulated services to the public other than in the course of his or her employment—” and then the section sets out various categories—for example, an employee employed by a lawyer, by a community law centre, by the Legal Services Agency, or by the Public Trust—I will not go through the entire list. Although it appears that the issue was the subject of submissions at the select committee deliberating on the Lawyers and Conveyancers Bill, and Dr Worth will be able to deal with this in some detail because he was on the Justice and Electoral Committee between 2002 and 2005, the Act failed to address the issue of the position of those lawyers who are in the employment of either employer associations or unions. It became apparent to organisations like the New Zealand Amalgamated Engineering, Printing and Manufacturing Union and Business New Zealand that there was a problem, a potential gap, a potential ground for misconduct against certain lawyers if this matter was not addressed before the Act came into force on 1 August—we all know that the Lawyers and Conveyancers Act has had a very long transitional period between enactment and actually coming into force.

So that is the reason why the legislation was introduced, and all parties cooperated to get it to the select committee to receive submissions as quickly as possible. The submissions we received were very good ones, and at the conclusion of the select committee deliberations the National Party had a rider that it was going to give some thought as to whether a Supplementary Order Paper in the Committee of the whole House would be necessary. Mr Jones is the person who is to be commended because he prepared an amendment and, as a result of his good work, that gave rise to further discussions between the parties to reach the situation we are in tonight where the Supplementary Order Paper of the Minister in charge of the bill, the Hon Annette King, comes in.

Of course we will support the Supplementary Order Paper, because it sets out very well the meeting of the minds between the various parties so that although, under this bill, explicit provision can be made in clause 6 for those who are employed by employer organisations and unions, the scope of the work that they can undertake is defined very carefully and set out in the Minister’s Supplementary Order Paper very well. I refer to its proposed amendments to subclause (2) of clause 6, where there is a definition and an explanatory note that explains exactly the scope of what is sought to be achieved. I think it is a very good piece of work. The Supplementary Order Paper is very comprehensive—more comprehensive than the amendment that Mr Jones had drafted and my own effort, which I did not bother to table because I was satisfied with the Government Supplementary Order Paper. On that basis I think we can move fairly quickly through the Committee stage and support the Supplementary Order Paper so that this matter can be signed into law before 1 August.

The second aspect relates to the matter that Mr Jones raised shortly before we went into Committee. During deliberations on the submissions to the select committee it became apparent, as a result of submissions from the New Zealand Law Society, that there was a technical problem with section 107 as enacted. That section sets out the effective practice rules. For whatever reason, it appears that certain words are missing. There is no reference to incorporated law firms and former incorporated law firms. Instead, the section simply refers to lawyers and former lawyers. It was one of those

matters that really did need to be tidied up, and I commend Mr Jones for facilitating the necessary amendments so that this matter can be cleaned up. All in all, it is very satisfactory. I want to thank my parliamentary colleagues for the work they have done on the bill. I think that, as a result, we have managed to reconcile all the interests and have not done great damage to the structure of the Act. With those brief comments in mind, the National Party indicates that it will support this legislation.

**Dr RICHARD WORTH (National):** I was hoping that the Hon Rick Barker would take a call on this important legislation, but it seems we are to be denied the benefit of his attentive and close reading of this amendment bill.

Mr Finlayson has been laudatory of the Government in connection with this amendment, now that we see the Supplementary Order Paper, but perhaps he is being over-laudatory because there is a most unsatisfactory history, I would say, in connection with the course of events that have led to the Supplementary Order Paper. The starting point, of course, is that the explanatory note of the bill confined its scope to an “integrated prevention and advice service connected with employment matters.” Those are the words that appear in the general policy statement. But when the drafters came to translate that planned intent into action, they failed miserably. I was not a member of the Justice and Electoral Committee for the hearing of submissions on this amendment bill, but I was present at the briefing when the chairman of that committee said this was a technical change and reflected an oversight that had occurred when the substantive legislation, the Lawyers and Conveyancers Act, was going through the House.

Both of those statements are completely and utterly wrong. It is not technical—it makes a substantive change—and, moreover, it was not overlooked, because as others have said in earlier debates, the precise issue that is now before this Committee tonight was the subject of detailed submissions by a number of parties, including the trade union movement and also the New Zealand Law Society. It is very unsatisfactory when the chairman of a committee misleads members as to the purport of the material that was before the committee.

Of course, in the result, the select committee made no substantive change to the bill, at all, and the error in the bill continued to fester. Now we have a circumstance where, led by people like Mr Jones and Mr Finlayson, this glaring error has been discovered.

**Hon Annette King:** And Mr Chauvel.

**Dr RICHARD WORTH:** He is seeking to add his name? Well, it is fair enough if he wishes to add his name, although when I made comment at an earlier point on these issues—

**Charles Chauvel:** I raise a point of order, Madam Chairperson. I did not seek to say anything; I do not know where the member got that idea from.

**Dr RICHARD WORTH:** The suggested name was in fact added by the Minister—

**Hon Annette King:** Be generous; everyone else has been.

**Dr RICHARD WORTH:** Well, it is important to be generous. But the slip continued, and now we come to resolve it and that is an excellent outcome. We come to resolve it in the context of, I think, three alternative drafting styles that have been put up, and this one is clearly the Government’s—clearly the most satisfactory one. The intent is that what has been a longstanding arrangement in respect of lawyers employed by unions and employers’ associations—that they can provide legal advice in limited circumstances—will continue. It was never on, in terms of the bill as it was originally introduced, that employees in unions and associations who were legally qualified should be able to give advice on drink-driving charges, be able to give advice on drafting family trusts, be able to give tax advice on business structures, and be able to give advice on leasing proposals for personal investment.

If we look at the explanatory note, which has perhaps the best explanation of what the impact of this change is, we see that the change is now confined to the stated intent that appeared on the face of the explanatory note. So there is an ability now for the legally qualified to give advice on legal services that relate to a person's rights, obligations, or liabilities in his or her capacity as a member, an employer, or an employee; to give advice of a legal nature that relates to any matter concerning or arising out of an employment relationship; and to give advice in respect of claims or actions under an enactment specified in section 236 of the Employment Relations Act. There are a whole lot of enactments there—the Equal Pay Act, the Holidays Act, the Human Rights Act, the Injury Prevention, Rehabilitation, and Compensation Act, the Minimum Wage Act, the Parental Leave and Employment Protection Act, the Police Act, the State Sector Act, and the Wages Protection Act. That will restore a position where someone who is employed by a union or an employer association, and who is qualified as a lawyer, can, as an employee in that structure, provide added-value service on those issues. That will be of substantial benefit to members.

So now we will see, in the context of the Lawyers and Conveyancers Act—an Act that was passed some time ago—what we hope will be the final change to that legislation, to enable the substantive Act to come into force on 1 August with all the benefits that the legislation is intended to confer.

**CHARLES CHAUVEL (Labour):** In my first reading speech on the Lawyers and Conveyancers Amendment Bill (No 2) I commended the bill to the House, but I did observe that one of the potentially desirable amendments to it might involve a narrowing of the scope of the legislation. I think, from memory, that I was the only member speaking at the time who made that observation.

The bill was duly referred to the Justice and Electoral Committee, so ably chaired by my friend and colleague Lynne Pillay. Mr Worth attended the select committee, as did Mr Jones, and we heard evidence by invitation from the New Zealand Council of Trade Unions, Business New Zealand, and the New Zealand Law Society. By the agreement of the select committee, submissions were restricted to those three bodies.

Very little, if any, evidence was heard at the select committee to merit limiting the application of the bill. I had wondered aloud during my first reading speech whether that might be desirable. In particular, no evidence was tendered to the select committee that, over some 20 to 30 years, the practice of unions and employers associations employing professionally qualified legal staff to provide access to justice for their members when they needed it had ever been abused. Indeed, the evidence was quite to the contrary—that the professionalism of these people and the dedication that they had displayed in common with their employers was able to be relied upon and counted on. We were told that if matters got too complicated or came outside the scope of the training or experience of legal officers employed by unions or employers associations, it was invariably the practice to brief the work to a barrister or to a law firm so that it could be dealt with at the appropriate level.

None the less, during the second reading speeches on this legislation Mr Jones and members of the National Party signalled their intention to move amendments to confine the bill—that is, to legislate for the voluntary restraint and professionalism already displayed over many years by the legal officers who will be affected by this legislation. I and other members on this side of the Chamber do not want this legislation to pass by a narrow majority. The regulation of the legal profession, and, indeed, of professions in general, should not be a matter of partisan politics. So, working with our exemplary Minister of Justice, Annette King, I was glad to conduct some consultations with the Council of Trade Unions and with Business New Zealand. We worked up the substance

of the Supplementary Order Paper that the Minister has been pleased to table in her name.

I pay tribute to Mr Jones for the generosity that he has displayed by withdrawing the majority of his proposed amendments, except for the amendment to section 107(1) of the principal Act, to which I will turn in a moment. I also pay tribute to Ms Turei, to Mr Harawira, and to representatives of other parties in the Committee who have agreed to expedite the passage of the amendments that we are considering tonight, so as to allow the passage of the amendment bill in time for 1 August 2008, which lets it take effect at the same time as the principal Act. That is surely a desirable thing, and it is nice not to see game playing or silly procedural points being taken over something as important as this.

As Mr Jones has said, his amendment to insert a clause 10 into the amendment bill—his only effective surviving amendment—is before us. It was argued for by the New Zealand Law Society in the select committee. It is a sensible amendment; it should have been included in the Lawyers and Conveyancers Bill when it was considered by this Parliament. It is clearly proper that incorporated law firms—a new beast permitted by the legislation—should be able to be correctly regulated under the practice rules. Accordingly, Labour members are supporting Mr Jones' amendment to section 107(1) of the principal legislation.

I say in conclusion that although I am happy to support the Minister's Supplementary Order Paper, and proud to have assisted in its creation, I made it clear in my introductory comments—and I do so again—that I am supporting it only in the interests of multi-partisanship. I do not think that this legislation is necessary. The professionalism and the restraint shown by legal officers in unions and employers associations have been exemplary for many years. There is no reason to suppose that we might not continue to be able to rely on their exemplary professionalism, but there is no harm in providing that we should make rules to codify the excellent professionalism that they have shown. For that reason, and that reason alone, I support this amendment.

**KATE WILKINSON (National):** I will take just a brief call during the Committee stage of the Lawyers and Conveyancers Amendment Bill (No 2). The explanatory note of the bill is quite clear that at present unions and employer organisations employ lawyers to provide legal services to their members, and they have done so for some time. The Act provides explicitly that lawyers employed by unions and employers organisations will be guilty of misconduct if they provide such services, and obviously the purpose of the bill is to allow lawyers employed by unions and employer organisations to continue to provide legal services to their members.

I think it is important when we are amending a principal Act, especially one that has not yet come into force, to remind ourselves of the purposes of that principal Act. In this case those purposes are to maintain confidence in the provision of legal services and conveyancing services, to protect the consumers of legal services and conveyancing services, to recognise the status of the legal profession, and to establish the new profession of conveyancing practitioners. Obviously, the conveyancing aspect of the principal Act is not as relevant in terms of this amendment bill.

When we look at the lawyers and conveyancers regime, we cannot help but make comparisons with the proposed real estate agents regime. This justifies the relatively long lead-in period for a regime such as this when it is going to be changed. The Lawyers and Conveyancers Act, of course, had a lead-in period of some 2 years. At the moment the lead-in period for the Real Estate Agents Bill is suggested as being some 6 months. When we are changing the regime of a whole profession, it is important to realise that sometimes these long lead-in periods give the practitioners and the participants in those professions and industries time to assimilate the proposed changes,

and time to sort out some of those issues and errors before the Act comes into force. There are certainly lessons to be learnt, both in terms of that lead-in period but also in terms of the consultation that takes place. Throughout the progress of the Lawyers and Conveyancers Act there was certainly considerable consultation. When I was a practising lawyer we thought that the Lawyers and Conveyancers Bill would never happen. Again, that is in stark contrast to the consultation and cooperation that seems to have occurred with the Real Estate Agents Bill.

Supplementary Order Paper 216 limits the jurisdiction to legal services that are relevant to a person's membership of that employer organisation or union. Again, for the sake of the record, it is prudent to specify what those legal services are. The explanatory note of the Supplementary Order Paper states that those services relate to "the member's rights, obligations, or liabilities in his or her capacity as a member or as an employer or employee: any matter concerning or arising out of an employment relationship, as defined in the Employment Relations Act 2000."—as my colleague Dr Worth has already mentioned—"That term covers a number of relationships that are relevant in the context of employment law, such as relationships between a union and an employer, between unions bargaining for the same collective agreement, or between employers bargaining for the same collective agreement." The cooperation that is seen in many fields between the Council of Trade Unions and Business New Zealand is certainly a model that we can also take lessons from.

Those legal services also relate to "any claim or action under an enactment specified in section 236 of the Employment Relations Act 2000. That section allows employers and employees to be represented by any person of their choice in claims and actions brought under a number of enactments listed in the section." Obviously, we certainly support that choice. The explanatory note continues: "The right to wider representation applies if the other party is the party's employer or employee or if the action is taken in the Employment Relations Authority or the Employment Court." The legal services also relate to "compliance with any enactment or other requirement governing the performance of duties of the member in the conduct of the member's normal business or profession ..."—for example, the statutory duties—and "any question ... concerning the member's professional liability." We support both the Supplementary Order Paper and the bill.

The question was put that the following amendment in the name of Dail Jones be agreed to:

to add the following new clause:

**10 Effect of practice rules of the New Zealand Law Society**

Section 107 (1) is amended by inserting after "members of the New Zealand Law Society," the words "and on all incorporated law firms and former incorporated law firms,".

Amendment agreed to.

The question was put that the amendments set out on Supplementary Order Paper 216 in the name of the Hon Annette King be agreed to.

Amendments agreed to.

**The CHAIRPERSON (Hon Marian Hobbs):** I will now put the final question on the bill. For the information of members, I note that the question will be that clauses 1 to 9 as amended stand part, even though a new clause 10 has been agreed to. That new clause is regarded as an amendment.

Clauses 1 to 9 as amended agreed to.

Bill reported with amendment.

Report adopted.

## **FISHERIES ACT 1996 AMENDMENT BILL (NO 2)**

### **First Reading**

Debate resumed from 24 July.

**PHIL HEATLEY (National—Whangarei)**: Last week the National Party, through me, made a commitment to supporting this legislation going to the Primary Production Committee. At that time I mentioned to members of this House that National was concerned that we secure in the legislation, through this amendment, practices within the Ministry of Fisheries that have always been done when assessing fish stocks.

The reason why we saw that as being important was that recently there was a court case regarding the orange roughy fishery. Challengers to the Ministry of Fisheries won a court case against it. There was some argument as to whether the competence, or the lack of competence, of ministry staff had lost the court case, or whether a matter of law had meant that the Ministry of Fisheries lost the court case. Regardless of what the cause was, the National Party is convinced—along with the fishing industry, a large number of fishing interests, Crown Law, the Labour-Progressive Government Minister Jim Anderton, and the Ministry of Fisheries—that we need to clarify the law by providing a clearer distinction to the Minister of what information is required to make healthy fish stock decisions. So we will be supporting this legislation going to the select committee.

There should be no confusion in this House, and there should be no confusion amongst the public and, certainly, amongst concerned fishers, that this amendment bill in any way relates to the fisheries legislation affecting section 10 of the Fisheries Act 1996. The legislation we have before us today, which National supports, affects section 13 only, which is to do with the information required when making fisheries management decisions. This has no bearing whatsoever on section 10 of the Fisheries Act 1996, which was the subject of another piece of legislation brought into the House by the fisheries Minister some time ago. That legislation did not secure the support of National, the fishing industry, or even, in the end, the Ministry of Fisheries. The drafters acknowledged that they had been in error in terms of drafting that section 10 legislation.

To clarify, the Fisheries Act 1996 Amendment Bill (No 2) is concerned with section 13 of the Fisheries Act. It is not concerned at all with section 10, and it does not address any issues relating to that section. Section 10 is about when the Minister takes a precautionary approach when he or she does not have information on fish stocks. Therefore, the Minister may cut catch levels based on that precautionary approach.

This bill relates to section 13, which is about the information required to make fisheries management decisions. We know that the Minister in charge of the bill, Jim Anderton, kept fishing interests closely informed, and I believe that the Ministry of Fisheries worked very closely with fishing interests in putting together this legislation on section 13. We applaud that and we certainly thank the Ministry of Fisheries for keeping National Party members informed of its progress. We did not want to see any argument when it came to the drafting of this legislation; that would signal to us, quite clearly, that there had been a change in the intent of the original legislation, which, of course, we would not support. We were always behind securing the original intent, not changing the intent.

National members will be interested, at the select committee, to hear what invited submitters say about the bill as drafted. Should they raise any significant concerns—

should there be any angst about the legislation as drafted—National MPs will be very concerned indeed, because we understood that it was a team approach from the Ministry of Fisheries and fishing interests that brought this bill to the House in this form. There is no doubt in our mind that the current Act is not explicitly clear. We agreed to clarification, not to change.

National will support the legislation going to the select committee and, furthermore, we will support the inviting of submitters to partake in an efficient select committee process, given that the Minister of Fisheries has to make decisions on hundreds of fish stocks by 1 October. National would be the last party to undermine the quota management system by stalling this legislation, which would mean that the Minister could not make those decisions by 1 October. I am hoping that Hone Harawira will also see the wisdom of doing that and, indeed, will follow National Party members in supporting this legislation.

I commend this legislation to the House. I acknowledge the work that was done by the ministry officials, but more particularly the work that was done by outside fishing interests, who spend more time on the sea and have more knowledge of how fish stocks are working on a day-to-day basis. We certainly value their input. We will support this bill going to the select committee. Thank you.

**ERIC ROY (National—Invercargill):** I thought we might have had someone from the Government side or the parties supporting the Government take a call in between—

**Hon Annette King:** We've had our speeches.

**ERIC ROY:** I know. I thought there might have been another one. I thought this was significant legislation. Whenever we patch legislation or deal with legislation that relates to property rights—and that is essentially what this does—my expectation is that there would be a full and complete debate about it and a scoping of the issues of concern. I would have thought so. However, I am happy to take the call.

We are debating the Fisheries Act 1996 Amendment Bill (No 2). My colleague Phil Heatley outlined a number of the significant issues that pertain to this legislation. New Zealand has a very proud record in its fisheries management. I had a small part in the 1996 Fisheries Act as chair of the select committee for some 20 months amongst a very polarised sector—fisheries has some quite diverse interests who are very interested in the activities of fishing. There are those people who are involved in commercial fishing, those people involved in commercial fishing who are leasing, there are recreational fishers, there are people involved in customary take, and there are a whole lot of environmental groups out there. Each one of those interests has a perspective, so it is very much like oil and water in about five sections—it is a stratified mix of groups who are very polarised, and it is very difficult to come to a decision.

My point is simply that amongst all of that amalgam of ideas about where we should go, the 1996 Fisheries Act was regarded as a world leader. It set out purposes and principles that were all about sustainability. It gave property rights, and it shifted the resource into a property right for the individuals to have ownership. The concept of that ownership was that when the fishers owned the resource, they would value it, look after it, and treat it sustainably, along with what was enshrined in law.

That worked all very well for a long time, but suddenly when the ownership was there, the price of some of those fish stocks, along with what they were currently worth on the world market, created a kind of industry of jurisprudence around trying to find holes to extend the right to fish and, in some cases, the right to mine fish. It also created an increasing opportunity for property rights. The law had to be robust—that is the point.

Sitting alongside that, we have an issue at the moment where it is probably fair to say that the fisheries sector is under as much stress as almost any financial sector in New

Zealand, for the reason that it is heavily dependent on two factors that are under pressure. It is a high fuel-user; one cannot shift boats, and harvest fish, without consumption of quite a bit of fossil fuel. Also, it is largely export dependent, and at this particular time there are many people who have said that our dollar is overvalued. So fisheries have had substantially increased costs and they have had the value of their returns reduced by a dollar that is a bit overinflated.

Let us look at how New Zealand fisheries are actually managed. Looking at the bill for the first time is a little bit like looking at alphabet soup. There is a whole range of very complex letters—for example, “MSY”, “TAC”—that are very meaningful to the fishing industry. But there are a whole lot of decisions—in fact, 629—that have to be made by species and by quota area. By taking all of the different species, and all of the different quota management areas in order to get some precision about the management of fish stocks, that is where the legislation has ended up. There may not be hoki just for New Zealand, it is divided into five different areas, and so on for all of the different species in New Zealand.

We have a situation now where section 13 of the principal Act was challenged—and my colleague Phil Heatley outlined what happened in relation to that. If the Minister is going to make decisions that are robust, particularly when a reduction has to be made, then those decisions are likely to be challenged, simply because of the pressures I have outlined. So we need to give some clarity about what section 13 means. If we left it as it is, there are two things that could happen. The Minister could demand more information of the industry and that it be provided in a more reliable or robust form than the Minister currently has, in order for him or her to make a decision. Or the Minister could make no decision. As far as the industry is concerned, that would be deemed to be reasonably untenable.

It is probably fair to say—and I did say it—that this is a very, very polarised industry but, for the first time in a long, long time we had the representatives of the sea harvesters, the Seafood Industry Council, come to us with the Ministry of Fisheries and say: “We recognise we have a problem and we need to work together to make a patch.” That is what this bill is; it does not do anything other than give clarity around section 13 of the Act so that the Minister can make some decisions on the best information available.

The nub of the matter is contained in clause 4 of the bill, which talks about the Minister being able to consider the current level of stock producing a maximum sustainable yield, and that the Minister must use the best information available—I think that is the old legislation. I have lost my notes on the bill that I had, sorry.

So it is important that we give the Minister the opportunity to make these decisions, and give the Minister some kind of robustness about this. On the best information available, he is to make a decision. So what sorts of things are actually available to him? Assessing the maximum sustainable yield, or the biomass of the maximum sustainable yield, is not simple, because one cannot actually go and count the fish. But there are some tools out there that actually enable that to happen. One can get a sense—and that is all it is—of what is out there, and the more information one has, the more accurate that sense is. There are things like catch history and catch effort—we have the fishermen actually record how much effort has gone into the catching of their fish. There are also fish caught as a by-catch, when someone is targeting another species. All that kind of information comes into it.

This bill allows the Minister to make those decisions based on the best information available. I think that that is a very sensible approach; it is one that the industry and the ministry have come to an agreement on because they realise that fishing is a very important industry for New Zealand and that it has to be sustainable. If it is not seen as

sustainable in the world's eyes, then the consumer will turn off buying New Zealand fish. We have had various people at times putting out things like the *Best Fish Guide*. If only their information were as accurate as the ministry's, I am sure we would have had an entirely different list.

So from all of the information that is there, one takes the maximum sustainable yield, and from that, one calculates what portion is mortality, what is poaching, what is recreation, and what is customary. That gives a total allowable commercial catch. The Minister needs to be able to make these decisions—as Phil Heatley said, 1 October is when the fishing year starts. We would have loved to have more time in the select committee to deal with this matter on a wider basis, but we have targeted those groups that are interested—or we will be targeting them—and invited them for submissions. They have had a bit of a heads-up, they have been thinking about this, and the Seafood Industry Council, I would imagine, has been canvassing its members as to their views on this. So we are certainly supporting this to go to select committee. If something really unusual pops up we will have to consider our position, but at this point we support this bill going to select committee.

**METIRIA TUREI (Green):** The Green Party will also support this bill's referral to the Primary Production Committee. We consider it a necessary fix to many of the flaws in the Fisheries Act 1996. The High Court decided recently that under the current law the Minister must have estimates of current biomass and maximum sustainable yield before he can set a total allowable catch limit. Given that for many—if not most—fish stocks we have very limited actual biomass data, let alone good enough data to accurately estimate what the sustainable yields are, it is unacceptable for the Minister not to be able to set or change the total allowable catches for these fish stocks. A number of alternative methods for guesstimating maximum sustainable yields are required for fish stocks without good biomass data, but as a result of the High Court decision, these alternatives are not available to the Minister.

I have done a lot of work and research on fisheries in my role as the Green Party's spokesperson on fisheries. I have had discussions with researchers such as those from the National Institute of Water and Atmospheric Research Ltd, which says that for about 80 percent of the demersal landings of fish stocks the information that can tell us whether those fish stocks are being fished below, at, or above their sustainable yield is simply not available. There is excellent research from overseas, for example, research carried out by Japan on squid—a very important fishery in New Zealand—and on the climate change impacts on that fishery, which should cause very serious concern for New Zealand. But the fact is that the legislation does not allow the Minister to make sensible decisions to ensure the sustainability of those fish stocks. As such, we are seeing our fish stocks crashing around us.

The Green Party believes that fisheries management in New Zealand is fundamentally unsustainable while it is structured as it is, with fish stocks being continually depleted and requiring deep quota cuts. I congratulate the Minister on the cuts that he has made in the past. The classic example that is often given is that of orange roughy, which has been fished almost to death by bottom trawling. Under the quota management system, for example, the Chatham Rise orange roughy fishery was fished out to just 3 percent of its original biomass even though the maximum sustainable yield was 30 percent. The quota management system could not ensure that that fishery was able to maintain itself at a sustainable biomass. The quota management system is failing our fish stocks; failing our industry, which relies on those fish stocks; and failing the people of this country, who rely on that fishery for sustenance and income.

The hoki fishery, despite its recent recertification by the Marine Stewardship Council, is heading in the same direction as the orange roughy fishery, as are many of

our other fish stocks. The Minister may describe the quota management system as a world leader—and I have heard others in this House and elsewhere say that it is—but the sad fact is that it is not. It fails us. If it could be, the Fisheries Act should be based on the precautionary principle that if the sustainability of fish stocks in the wider marine ecosystem were paramount, if customary and recreational interests came before commercial interests, and if the Minister mandated best practice fishing and by-catch avoidance methods, then perhaps we could say that the quota management system works and is a world leader.

The fish in New Zealand waters are a natural resource that belongs to all New Zealanders, yet since 1992 the commercial fishing industry has been able to catch them for free, provided that they own the right to do so. The public of New Zealand get no right in return for the use of this resource. If the commercial fishing industry, for example, were required to pay resource rentals for the fish that it profits from, then, again, our fisheries management would be better and fairer for the people of the country, and perhaps would lead to a more sustainable process than what we currently have. When total allowable catches are based on treating the biomass maximum sustainable yield as targets to be reached, fishers regularly overfish the stocks. The biomass maximum sustainable yield should be treated as an absolute maximum in setting the total allowable catches, and not as a target. The concern here, of course, is about the extraction of the fish from New Zealand's oceans, the unsustainability of the fisheries industry, and its failure to address the problem of extraction and the problem of the reduction in fish stocks that are available to it.

Earlier I mentioned the Japanese research on squid. While we are dealing with concerns around extraction, other impacts are happening in our oceans that are also reducing our fish stocks and putting our fisheries under threat. One of those concerns is climate change and its impacts on the ocean in terms of ocean acidification, where the ocean is absorbing more and more carbon from the atmosphere, causing a chain reaction that leads to less and less calcium carbonate being available in the ocean for various species to use.

Some of that Japanese research has shown that squid lose their metabolic function in highly acidic ocean environments. New Zealand has a significant investment in the squid fishery—so significant in fact that we regularly see the absolutely protected Hooker's sea lion caught as by-catch with very little consequence, because the squid fishery is so important. That squid fishery is at risk of the impacts of climate change, yet there is no interest from this Government or the industry itself—especially the big players in the industry—in trying to make sure the industry deals with the extractive damage it causes to the fishery stock, the environmental damage that it does to the ocean floor, in particular through bottom trawling, or in managing the inevitable change and shift in species dominance that will occur as a result of the environmental effects of climate change that are happening before our very eyes.

The National Institute of Water and Atmospheric Research Ltd is suggesting that in 30 years we could have a serious impact on the kina population as a result of ocean acidification. This is extremely serious, yet there is no interest in trying to protect that fishery for those people who rely on it for an income, or for the communities that rely on it for sustenance. At heart, this issue is about food security. It is about making sure our people—Māori, who have been able to do so for 1,000 years; and Pākehā, who have been doing so for 200 years—can go down to the ocean and be able to feed themselves and their families from the bounty available to us. Money does not grow on trees, but food does. Food grows on the trees, it swims in our creeks, and it lives in our oceans, and it should be available to all our communities so they can provide for themselves and their families. When extractive industries like the fishing industry fail to provide

research and support and fail to take action to make sure that fisheries remain sustainable, what we have is a theft of food from the mouths of our children. That is what is happening when we fail to include proper precautionary principles in something like the fisheries legislation.

The Green Party supports the Fisheries Act 1996 Amendment Bill (No 2) with some reluctance. The bill is a watered down version of an original bill that failed to get through the House because a number of parties and members of this House refused to accept and allow for the inclusion in our fisheries legislation of a precautionary principle such that sustainability of our fisheries resource for our whānau would be the predominant concern. Those members should be ashamed of that failure to support that original legislation, because they are part of the process of theft from the mouths of our children.

What we need in this country, and what we need particularly for our fisheries, is good, strong legislation that puts the sustainability of the fish stock right at the heart of the fisheries legislation. We need legislation that makes sure our industries are secure and able to deal with the changes in fish stocks that are inevitably occurring but that also prioritises, above the commercial catch, the rights of our communities through recreational fishing, and particularly—particularly—through customary fishing, whereby we are able to feed our families and ourselves from that resource. This bill is clearly an attempt by the Government to get some movement, so we will support it on that basis, but it is a poor attempt, and we look forward to much better support, perhaps some time in the future. Kia ora.

**The ASSISTANT SPEAKER (Hon Marian Hobbs):** Before I call Pita Paraone, I say to members that I was rather embarrassed during the previous speech as at least three conversations were going on. I could hear the conversations from the Chair. I know that conversations need to occur in the House, but sustained conversations for a long time and in a loud voice are not fair to other members.

**PITA PARAONE (NZ First):** Tēnā koe, Madam Assistant Speaker. On behalf of New Zealand First I rise to take a call in this debate on the first reading of the Fisheries Act 1996 Amendment Bill (No 2). The issue of the sustainability and protection of fish stocks is very important to New Zealand. Why? It is because New Zealand's fish stocks are one of the world's most envied food sources, and the quota-based fisheries management system is touted as a leader in sustainable resource management. With food prices on the rise, the oceans are increasingly being considered as the great provider. With technology allowing for improved or greater catches, global stocks are dwindling and many grounds are in serious danger. In New Zealand although a quota management system has helped to prevent overfishing, it does not detract from the need for New Zealand and this Parliament to ensure that that particular resource is sustained.

Although this is a small bill, it is a very important one. As earlier speakers have rightly said, it amends section 13 of the Fisheries Act and gives it clarity. I am not a member of the Primary Production Committee, which the Minister has asked that this matter be referred to, but I note that the lead speaker from National referred to briefings that were made available to him and his party by the Minister. I hope that at some time during the process the Minister might extend that same courtesy—and I am not speaking on behalf of other parties—to New Zealand First. Having said that, I am advised by our member on the select committee that the Minister may have offered us the opportunity for a briefing, and, giving him the benefit of the doubt, I just ask whether the Minister and his office might consider a briefing for New Zealand First.

This legislation becomes a very important issue for New Zealand and its fishing industry. Legislation and regulation are major tools to ensure sustainability and protection, and the quota management system is part of that. From time to time

legislation and regulations have to be amended to ensure the intent of those rules meets present-day demands. Although the Minister quite rightly points out that this bill is a result of court action, that fact does not detract from or remove the bill's intention of ensuring that our current regulations and legislation meet their original intent. The bill does that by amending section 13 of the Fisheries Act 1996, for the purpose of enabling the continuation of established practice in relation to setting a total allowable catch under section 13, even where there is an absence of sufficient information relating to biomass and the biomass that can produce a maximum sustainable yield.

I think therein lies the real issue of the bill, because it allows the Minister to make a decision, albeit in the absence of research. On behalf of New Zealand First, I express some disquiet. I hope that in terms of making decisions that practice does not become the norm for the Minister, and that the bureaucrats within his ministry are not given a licence to do away with the need for proper research. I just express that disquiet at this time, but I should say that New Zealand First will support the bill going to the select committee. We think it is important that the public of New Zealand, not least those involved in the industry, are able to express their point of view, whether it be one of disquiet or of support.

It has been suggested that because the livelihood of fisher people is reliant on the sustainability of the resource, perhaps self-governance on their part ought to be seen as acceptable. However, we know that this sort of approach has not always worked. However, I acknowledge there are exceptions. I refer to the Southland CRA 8 crayfish fishery as a leading example of successful self-management. Those quota holders took it upon themselves to cut the harvest. They have helped the crayfish population rebuild to abundant levels, but several fisher people, unable to ride out the necessary limited fishing period, have had to sell up in the interim. So there are examples of self-management.

I do not need to go on any further to make the point. New Zealand First will support the bill going to the select committee so the public of New Zealand can express their views. Kia ora.

**Hon TARIANA TURIA (Co-Leader—Māori Party):** Tēnā koe, Madam Assistant Speaker. Tēnā tātou katoa. The Chinese philosopher Lao-tzu made a comment that I believe to be of great relevance to the Fisheries Act 1996 Amendment Bill (No 2). He said: "Govern a great nation as you would cook a small fish. Do not overdo it." It is a comment well worth digesting in the context of this new amendment to the Fisheries Act 1996, and it is particularly relevant when we think back to the furore that broke out the last time the Government sought to amend the Fisheries Act. At that time, the amendment was to section 10.

The Fisheries Act 1996 allows for a wide range of decisions based on sustainability and utilisation to be made at the Minister's discretion. Yet 18 months ago the Minister of Fisheries suddenly determined that an amendment to the Act was required to address the possibility of uncertainty and ambiguity. To add heat to the frying pan, it was decided that consultation with those most affected was unnecessary.

It was not long before the sector erupted. Iwi leaders described the decision to amend section 10 as power-grabbing, and expressed their concern that they had been treated with the utmost contempt by the Ministry of Fisheries and the Minister. The New Zealand Seafood Industry Council chief executive, Owen Symanns, represented the view of many when he stated: "Suggestions that the law is ambiguous are rubbish—it is very, very clear." The point made was heard loud and clear: the Minister and the ministry had overdone it, and there was no confusion there.

And so on 15 March 2007 the Māori Party made our stand just as clear. *Hansard* records that stand: 115 votes in support and four opposed. We were proud to have those

four votes registered, knowing that they represented the views of the fishing sector, and that they held the line, so to speak, that no change was needed because the current Act already required decision makers to act in a precautionary manner. It is a line that, incidentally, successive courts have reinforced in two cases on kahawai and orange roughy, and a line that reminds us all we must act in such a way as to always ensure sustainability and allow only the level of utilisation that will achieve that. And so in November 2007 the Primary Production Committee discharged the bill without making any recommendations. This history provides a vital foundation towards understanding the Fisheries Act 1996 Amendment Bill (No 2).

The second time round, the Government seeks to amend section 13, and with the prospect of an election literally nothing but weeks away, the process for section 13 is entirely different from that used for section 10. The Minister seeks to make the necessary decisions on a total allowable catch, and to have the authority to solicit additional research in order to be able to provide the specific information that the courts set out. It is a specific and technical response to the amendments that arose out of the High Court judgment of Justice Miller in *Antons Trawling Co. Ltd v Minister of Fisheries* on orange roughy. Similar to the Government-speak that was promulgated 18 months ago, the Minister suggests that the amendment is necessary to ensure the sustainable management of fisheries resources for all fishers. This time round we are able to say with confidence that restrictions on fishing take need to be applied fairly and equitably across all groups of fishers, with Māori involved in such decision-making.

The Māori Party is pleased and relieved to announce that for the Fisheries Act 1996 Amendment Bill (No 2) there has been a more robust consultative process with Māori fisheries in its development. Te Ohu Kaimoana and seafood industry representatives, through the Seafood Industry Council, have been involved in discussions with the Ministry of Fisheries, and are satisfied that the proposed amendment restores the status quo. That the Minister has learnt the immense value of consultation with the industry is appreciated, and we commend the positive response that has been taken in this new bill. Whether this complete turn-round has been a consequence of adverse publicity generated by Māori fisheries over this breach of their rights, or whether it has been because of the all-important votes in opposition registered by the Māori Party last year, is unknown.

What we do know, however, is that we have it on very good authority that the seafood industry has struck a bargain that not only will it sign off on the wording of the amendment and the process, but also it will do so if the Māori Party and Labour Māori MPs support this amendment. This is a very significant development in the course of Māori democratic participation. The capacity of the industry to have such a profound influence on the passage of the bill is a great credit to the strength of that collective voice. We note too its recognition that the Māori Party is the only party on the *Hansard* record to have voted against the original section 10 proposal. We are interested, too, in the industry's encouragement of Labour Māori members to continue to hold the line.

We in the Māori Party congratulate Te Ohu Kaimoana, the seafood industry, and the Seafood Industry Council on the very impressive part they have played, both in pushing section 10 off the agenda, and in negotiating for amendments that neither add to, nor subtract from, current decision-making obligations. The ultimate proof of the success of their strategy was revealed just 2 weeks ago, when the Minister sought an order of the day to withdraw the section 10 amendment. And so today we acknowledge that whakapapa, we commend the strategic negotiations that have taken place, and we welcome the opportunity to support the section 13 amendment.

**Hon DAVID CARTER (National):** I will be brief with my contribution so this legislation can be voted on before the House rises. I commend the speech just given by

the Hon Tariana Turia, who gave a very, very good rendition of the history of recent fisheries legislation and explained some of the issues the industry faces, particularly with the attitude of the current Minister. I say at the outset that the 1996 Fisheries Act has overall been very, very successful legislation, and it is admired by many countries throughout the world with fishing industries.

There was a court decision in February of this year by Justice Miller regarding the way that the total allowable catch is to be established. The decision suggested that before any decision is made on total allowable catch the biomass must be accurately known so that the maximum sustainable yield can be taken into the Minister's consideration. This is more prescriptive than what was originally intended in the 1996 Act, and therefore this particular legislation, the Fisheries Act 1996 Amendment Bill (No 2), seeks to clarify the wording of section 13 and, in fact, to clarify it to such an extent that the way it is interpreted is the way that it has been interpreted for the 629 species that have already been moved into the quota management system.

I take this opportunity to congratulate the industry on its pragmatic and cooperative response to this issue. I understand that it has worked very closely with the officials of the ministry to make sure that a bill has now been presented into Parliament and has wide-spread support at this stage from most major industry players. What we now need to do is make sure that we progress this legislation through the select committee as quickly as possible, with an intention to return it to Parliament before it rises for the election, so that there will not be ongoing challenges to the establishment of total allowable catch for the next fishing season, which commences on 1 October 2008. I commend this bill to the House, and I will certainly give it my best at the select committee over the next few weeks.

Bill read a first time.

**Hon RICK BARKER (Minister of Internal Affairs)** on behalf of the **Minister of Fisheries**: I move, *That the Fisheries Act 1996 Amendment Bill (No 2) be considered by the Primary Production Committee, that the committee report to the House on or before 25 August 2008, and that the committee have the authority to meet at any time while the House is sitting, except during oral questions, and during an 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.

**The House adjourned at 9.59 p.m.**