



FORTY- EIGHTH SESSION Hansard Report

48th Session

Ninth Meeting

Volume 10

TUESDAY 20 FEBRUARY 2018

OPENING PRAYER

MADAM SPEAKER took the Chair at 1.00 p.m

MADAM SPEAKER (N. RATTLE): Honourable Members please be seated.

Thank you to our Chaplin this afternoon for his wonderful words to us today.

Honourable Members I have a message from the Queen's Representative.

Message to Parliament – Royal Recommendation – signed by the queen's Representative, His Excellency Tom Marsters.

ROYAL RECOMMENDATION QUEEN'S REPRESENTATIVE

Message No.1

The Queen's Representative in pursuant of Article 3 of the Constitution, on behalf of Her Majesty and in pursuance of Article 43 of the Constitution, recommends Parliament to proceed upon the Bill, the Short Title whereof is the Income Tax Amendment Act 2018 and Value Added Tax Amendment Act 2018.

DATED in RAROTONGA this 20th Day of February 2018.

Signed by His Excellency Tom Marsters, the Queen's Representative.

I now lay this on the Table.

Kia Orana to all Honourable Members in this Honourable House this afternoon. To those in our public gallery this afternoon, Kia Orana. To all our people in the Cook Islands listening to our deliberations, Kia Orana to you all.

SPEAKER'S ANNOUNCEMENTS

Honourable Members, I just have a few announcements before we get on to the business of today.

Number 1 is that the Hansard staff has requested that you please complete the Hansard Report from last week and give it back to them. They also ask that you do not attempt to make any corrections or add to your debate but you can alter say if something is incorrect in that but do not add any new text to your debate.

I also want to remind the public today and the Members of Parliament about the radiothon that is to take place on Thursday at 12pm in the afternoon to 6pm in the evening.

I would also like to remind the Honourable Members that the Cook Foundation for 2018 is now open if you would like to give proposals for your \$2000 per constituency covering humanitarian projects.

We will now go to Question Time and we have half an hour for Question Time today.

Gentleman's agreement, I did not see who stood first.

QUESTION TIME

I beg your pardon, do you want to answer the question from yesterday? Let me give the Floor to the Honourable Member to answer a question that was asked yesterday please.

HON. T. HEATHER: Madam Speaker, Honourable Members of this House and to all our people listening to our sitting this afternoon, Kia Orana to you all.

Yesterday, the Honourable Member Selina Napa asked me about the WATSAN programme. I apologised to the Honourable Member that I was not able to answer her question yesterday but I have now, the answer to the question she raised yesterday.

The WATSAN programme is managed by a company called TEC TREAT and it is a company that is locally owned. The question was raised about the problems relating to the sanitation system put in place through the WATSAN programme. Jamie Short who is managing the project confirmed that the issues raised by the Honourable Member were true.

The question asked was, who is responsible to paying the costs and I believe this is what the Honourable Member want to know. Jamie Short confirmed that the money that is left for this project will cover the cost related to the sanitation system. The rest of the cost will be covered by the programme "Mei te Vai ki te Vai".

I hope I have answered the question raised by the Honourable Member.

MADAM SPEAKER: Thank you Honourable Minister and I see the Prime Minister.

HON. H. PUNA: Madam Speaker there was a question raised last Thursday.

MADAM SPEAKER: Just answer the question first and then we can start with questions because they were asked from Thursday.

Can you please take your seat Honourable Member because we should answer the questions first before we take more questions, agreed?

HON. H. PUNA: Thank you Madam Speaker. Kia Orana to all of us this afternoon.

Madam Speaker, I rise to provide a response to the question posed by the Honourable Member for Titikaveka last Thursday. And I am sure that question was prompted by the concerns expressed in the media about our immigration system and laws.

The Honourable Member asked for the new Policy on Immigration that was approved by Cabinet.

It is quite a voluminous document Madam Speaker and I forwarded it to you and your office by email and the expectation was that if the Honourable Member or any Member of Parliament so chooses, they can access that document through your office.

So, I rise merely to advise the Honourable Member and the Honourable Members of this House of this arrangement. Thank you for your assistance.

MADAM SPEAKER: Thank you Honourable Prime Minister. I will give the Floor to the Honourable James Beer followed by the Honourable George Angene.

MR J. BEER: Madam Speaker, I rise not to ask a question. I had stood up at the very beginning of the proceedings after the Standing Order 64 (h) on the Standing Orders Book. Because I wanted to raise several Point of Order which I think are of significant concern.

MADAM SPEAKER: Honourable Member, if you are talking about (h) which is Personal Explanation that can be at any other time and not during Question Time.

MR J. BEER: The reason why I wanted to raise this Madam Speaker is that while we have the benefit of Mrs Debra Angus in this House.

MADAM SPEAKER: I am sorry that does not change our order of process. We can deal with the personal explanation at another time but not within Question time and it is only for thirty minutes.

MR J. BEER: Madam Speaker, this is not a personal explanation. This is to do with the process of Standing Orders that are significant to this House which I wanted to raise while we have the benefit of Mrs Angus in this Parliament.

MADAM SPEAKER: It is most unusual because you cannot ask Ms Deborah a question, you cannot ask me a question. So, who are you going to ask your question to?

MR J. BEER: As I stated, Madam Speaker at the very outset this was not a question.

HON. N. GLASSIE: Point of Order, Madam Speaker.

MADAM SPEAKER: Before you put your Point of Order, I do not think that your question is within the question time allocated for Question Time.

HON. N. GLASSIE: That is correct.

MADAM SPEAKER: I think we should deal as you have quoted Standing Orders 64 (h) which is about personal explanation at another time. I do not think it fits here but if you are asking a question to a Minister or to a Member responsible for something or the business of Parliament then you may ask your question.

I do not see that your question is valid at this point of time but if you wanted a personal time to make an explanation you can do that at any other time but not right now. Let me give the Floor to your point of order.

HON. N. GLASSIE: Thank you, Madam Speaker. My Point of Order is, I totally agree with you entirely 92, 93, 94 but to support you, Madam Speaker Standing Order 95 it is your decision to admit what question to ask or not in this case it is not a question. Thank you.

MR J. BEER: Madam Speaker, I withdraw that, I accept the decision that you have made, and I will raise that in tomorrow's discussion, if we are having one thank you.

MADAM SPEAKER: Thank you very much, Honourable Member and I see the Honourable George Angene.

MR G. ANGENE: Greetings, Madam Speaker and greetings to the Honourable Members and those listening in.

Last Wednesday I asked a question to the Minister of Health and this is to do with septic tanks especially along our beaches. Currently the people that own property close to the beach around Rarotonga and I believe also, in the Outer Islands as well are being directed to modernize their septic tanks. I believe it is over \$16,000.00 for the cost of improving the septic tanks.

Last year and the year before there was an upgrade project for the septic systems and this only applied to the households in Muri Ngatangiia as well as some in Tikioki. Some financial support of around about \$1000.00 was given towards this project to assist the households.

The question now is, whether the benefits extended to the people of Muri up to Tikioki at that time, would this apply to the rest of the households on Rarotonga and the Outer Islands.

Since you have asked me at the time of my question to write a letter to you about my question, I now have three copies of this letter which is going to you Minister, and to the Minister responsible for Infrastructure Cook Islands as well as the Minister responsible for Environment.

Thank you Madam Speaker and thank you Minister Nandi Glassie.

MADAM SPEAKER: Thank you, I see the Minister Nandi Glassie.

HON. N. GLASSIE: Firstly I want to thank you for your question and the letter. The quick answer is, there is no funds left. The funds that was allocated for Muri to Tikioki as you have mentioned, that funding has been exhausted at that time.

Actually it is not exhausted but the funding was put on hold by the New Zealand Aid because of other projects happening with the laying of the water pipes and so, it was thought that the project will be suspended and then continued at some other time.

MADAM SPEAKER: Thank you Honourable Minister and I see the Honourable Deputy Prime Minister.

HON. T. HEATHER: I am part of the question and I believe I will answer the second part of the question. During that time for the households in Muri there was \$1000 for each household in the program and this was to be spent on any improvement of their septic systems.

During that time they were offered part payments for this septic system and the total amount left to be paid was covered by the European Union and an aid company from New Zealand. It was these donor countries that assisted the households to pay the total amount but not all of the households up to Tikioki were covered by the project.

So, to give some clarification on this matter it is the donor countries that actually run the funding and it is up to the donor country how they will allocate the fund.

MADAM SPEAKER: Thank you and I see the Honourable James Beer.

MR J. BEER: Madam Speaker, through you a question to the Minister for Health.

Can the Minister please explain to this House his answer to the question whether or not New Zealand has direct aid or input in terms of money or funding to the Ministry of Health?

The Minister made a statement that he understood the budget very well and question other Members of Parliament whether they understood the budget very well and as a result of core sector funding provided for by New Zealand that has direct input into areas in the Cook Islands primarily tourism, education and his own Ministry of Health.

HON. M. BROWN: Point of Order, Madam Speaker.

MADAM SPEAKER: What is your Point of Order, Honourable Minister?

HON. M. BROWN: Thank you, Madam Speaker I will answer your question not the Honourable Member from Murienua. Point of Order 94 (j), he is asking a question on information that is readily available in official publications namely the Budget Book.

MR J. BEER: Point of Order, Madam Speaker the Minister has made a Point of Order but has continued to talk about the Point of Order, which is no longer relevant to the Point of Order that is before the House now.

MADAM SPEAKER: Oh, gentlemen so the Point of Order that was brought forth was to refer you to 94 (j) where information is available that can be accessed.

HON. N. GLASSIE: Point of Order, Madam Speaker.

MADAM SPEAKER: Let me ask you, what is your Point of Order about.

HON. N. GLASSIE: My Point of Order is that the Member of Parliament for Murienua is uttering a statement that is irrelevant and I will be more than happy to correct him.

MADAM SPEAKER: One thing about raising Point of Order is that we just do not get on with any business of questions.

So, I think it is time that we go back to where we follow the Standing Orders on how to ask questions and one of them is if you want to make a question you give a list of names to the Speaker and the Speaker calls you by your questions and it is very clear in our Standing Orders as to what you ask.

So, if you ask questions that are going to create Points of Order it just wastes time. So, can we have another question please, not the same question, Honourable Member?

MR J. BEER: Madam Speaker before you spoke I was asking my question. My question was...

MADAM SPEAKER: You have asked your question.

MR J. BEER: Madam Speaker with all due respect I had not asked my question. My question is...

MADAM SPEAKER: You asked the Minister to tell you if he knows if there is New Zealand Aid given to the Ministry of Health? Was that not your question?

MR J. BEER: That is and should he not apologise for the sleight of hand to the New Zealand Government for ignoring the fact that it is contained within the core sector funding that his budget and his ministry receives. Because Madam Speaker...

MADAM SPEAKER: Honourable Member I do not know what is going on here, the fact is we are having a Parliament meeting. Control yourselves and be careful about the answers, and the questions that you ask.

Now, I am hearing you to ask, really Honourable Member that the Minister apologises, is that your question?

MR J. BEER: Both of them Madam Speaker.

MADAM SPEAKER: Honourable Minister I give you the Floor on the conditions that you stick to the question a yes or no and be done with.

HON. N. GLASSIE: I will do that. Madam Speaker I will get straight to the question because he has been wasting too much time. The question is we are talking about the core sector support.

Now, yesterday he asked whether there is money coming into our health budget and my answer is no, there is no money coming from NZAID, no money coming in our domestic budget. And I was just about to qualify that the NZAID has offered \$7million, it is called the core sector support budget. It does not come into the health, it goes into the Ministry of Finance and it is the Ministry of Finance that controls that \$7million to be distributed to the Ministry of Health, Ministry of Education and Tourism.

Therefore, it is not within the local budget of health, it is controlled by the Ministry of Finance.

Furthermore, to answer the question, the NZAID also offered \$760,000 to the health but the money does not come into the budget of health that is controlled to pay specialist programmes that comes to the Cook Islands every year. We have 12 specialist programmes to the amount of \$760,000.

So, there is no need for me, as I am answering the question fully. There is no need to apologise as I am explaining the situation, no money comes into the local budget but there is money coming but controlled by other agencies. Thank you Madam Speaker.

MADAM SPEAKER: Thank you very much and I see the Honourable William Heather.

HON. W. HEATHER JNR: Thank you Madam Speaker my question is directed to the Deputy Prime Minister or the Minister of Finance. My question, is there a tendering process in place for the tar sealing of the road from Harley Street to Betela?

MADAM SPEAKER: Thank you and I see the Honourable Deputy Prime Minister and you have the Floor.

HON. T. HEATHER: Madam Speaker I am surprise with this question from the Leader of the Opposition for the reason that he was a Minister of the Crown in the past. We are aware of the process and procedures in the Government system.

The tender process allows for Government to advertise in the newspaper for company interested in doing the job and the Government will then choose the appropriate company to do the job.

I responded to the Member of Murienua question regarding the meeting held at the Tinomana palace to decide on the leftover appropriation to be used on this project. This is my response to the question Madam Speaker.

MADAM SPEAKER: I did see you wanting the Floor Honourable Selina Napa and you do not want the Floor now. I see the Honourable James Beer.

MR J. BEER: Madam Speaker my question is to the Minister for BTIB? I have a supplementary question after that.

Minister can you advice this House please, are accommodations and restaurants reserved areas for Cook Islanders before it is issued out to foreign investors?

MADAM SPEAKER: Honourable Member your supplementary question is to what question?

MR J. BEER: I will be asking a supplementary question, and I wanted to give notice that I was going to ask a supplementary question after I had an answer from this particular question.

MADAM SPEAKER: So, this is your question and the supplementary question coming after.

MR J. BEER: Yes, and the supplementary will follow.

HON. K. TUREPU: Thank you for this good question from the Honourable Member of Murienua.

On the question on whether restrictions has been placed on certain activities of economic benefits have been allocated to locals only and the answer is yes. Some areas have been allocated to locals only but in the event where the locals cannot afford to participate in certain aspects of development that are restricted to the locals then the opportunity is opened up to foreigners.

This consideration and decision is made by the BTIB Board and it is their discretion whether to give it out to foreigners or to give it to the locals. If the Board decides to sell the business to foreigners the local people can make an appeal on the decision of the Board. The Minister under the law cannot intervene in this matter and decision of the Board under the law is final.

The BTIB policy is different from that of the Environment where the Minister has the right to question the decision of their Board and to ask their Board to reconsider its decision.

The good thing about the BTIB policy is that the locals have the right to appeal the decision of the Board. They will write a letter to the Minister and the Minister will set up an Appeal Commission with the Opposition Members to review the matter and what the Appeal Commission decides it will be final. Thank you Madam Speaker.

MADAM SPEAKER: Thank you Honourable Members our Question Time is over. We will now move on with the business of the day, orders of the day.

ORDERS OF DAY

And we will now go to presentation of Bills.

PRESENTATION OF BILLS

And the first Bill is the International Trusts (Categories of Trusts and Fees) Amendment Bill 2018.

And I now call on the Minister of Finance to present the Bill.

DEPUTY CLERK AT THE TABLE: Short Title Reads: International Trusts (Categories of Trusts and Fees) Amendment Bill 2018

BILL READ A FIRST TIME

Can the Minister please name the date and time of the Second Reading of the Bill?

HON. M. BROWN: After the Value Added Tax Amendment Bill, Madam Speaker.

MADAM SPEAKER: Thank you, the International Trusts (Categories of Trusts and Fees) Amendment Bill 2018 is ordered for the Second Reading after the Value Added Tax Amendment Bill.

I now call on the Minister to present the Bill on Income Tax Amendment 2018.

DEPUTY CLERK AT THE TABLE: Short Title Reads: Income Tax Amendment Bill 2018.

BILL READ A FIRST TIME

MADAM SPEAKER: Can the Minister please name the date and time of the Second reading of the Bill?

HON. M. BROWN: Forthwith Madam Speaker.

MADAM SPEAKER: Thank you. The Income Tax Amendment Bill is ordered for Second Reading forthwith.

I now call the Minister to present the Valued Added Tax Amendment Bill 2018.

DEPUTY CLERK AT THE TABLE: Short Title Reads: Value Added Tax Amendment Bill 2018.

BILL READ A FIRST TIME

MADAM SPEAKER: Can the Minister please name the date and time for the Second Reading of the Bill?

HON. M. BROWN: Immediately after the Income Tax Amendment Bill Madam Speaker.

MADAM SPEAKER: The Value Added Tax Amendment Bill 2018 is ordered for Second Reading immediately after the Income Tax Amendment Bill 2018.

Thank you. I call on the Minister for the presentation of Paper 141.

PRESENTATION OF PAPERS

HON. M. BROWN: Thank you Madam Speaker. I would like to present:

**Parliament Paper No. 141 – Ministerial Statement made by
Minister of Finance yesterday.**

I now lay this on the Table.

MADAM SPEAKER: I now call on the Minister for the Motion on the Second Reading of the Income Tax Amendment Bill.

HON. M. BROWN: Thank you Madam Speaker. I move:

That the Income Tax Amendment Bill be now read a Second time

MADAM SPEAKER: Thank you

HON. M. BROWN: And I will speak to the principles and merits of this Bill Madam Speaker.

This Bill Madam Speaker, along with the Value Added Tax Amendment Bill that is also, before the House are the final pieces of legislation that will enable the extension of the Tax Amnesty that the Government has committed itself to.

As, I alluded to in my Ministerial Statement yesterday Madam Speaker, the tax arrears in our country are something that this Government has been concerned with for many years. And we relied on the expertise of our Revenue Management division and the staff within the Ministry of Finance to be able to manage these arrears and find ways to reduce them.

However, this has not happened and in our time as Government from 2010 to where we are today, the level of arrears has remained around \$36million.

It was clear to the Government, Madam Speaker that some bold decision making in terms of policy decisions to reduce the tax coupled with improved performance in tax compliance was going to be required if we were going to make a dent in these tax arrears.

It became apparent that a significant proportion of this debt which is regarded as additional tax or penalties had been accrued over a period of many, many years. It became apparent that there was an amount of core tax that was still part of the Government arrears which goes back some of it, more than twenty years.

So, the initial effort that the tax amnesty, Madam Speaker which commenced in August last year, although we did get some people take advantage of the amnesty, there was insufficient to make a significant impact on the arrears of the arrears that remain. Hence, the Government bold decision Madam Speaker to provide legislative amendments that would essentially wave all taxes owed from the period of the 1st of January 2010 going back.

This Madam Speaker removed a huge burden of historical debt on a number of entities which include over 260 companies and over a thousand Cook Islands individuals. Many of these companies Madam Speaker no longer is in operation and

many of the individuals concerned no longer live in this country and some of these individuals indeed have since been deceased.

This Madam Speaker then leaves the tax arrears of Cook Islanders from the period of 2010 to this current period as the matter for the Revenue Management division to concentrate its effort on. It is also the opportunity for Cook Islands tax payers to concentrate in getting their accounts in order from this more recent period of 2010 to the current period.

These arrears we will have to dissolve them. We will spend our focus for our staff members on the recent tax that is payable to Government. Let me remind our Members in the House that this tax amnesty does not put any money into anyone's pocket. It is about forgiveness. It is about providing people with a fresh start.

We need to understand Madam Speaker and recognise that the collection performance and bad debt management of the Revenue Management division over the last ten years or more and the efforts to collect tax on time and putting in place realistic payment arrangements has been very poor.

Simple house-keeping has not been undertaken to write-off bad debts for defunct companies, societies, charities or even deceased individuals. The notifications and follow ups on late payments on taxes owing by individuals and companies were not undertaken regularly.

However, with the increase in on-line systems, our Revenue Management system, these inefficiencies have reduced. And I am expecting the Revenue Management division to be more proactive in this space. This will be driven by the Revenue Management Division's debt team which has recently tripled in size.

The Revenue Management Division and in particular our front line staff on the amnesty are learning how important it is to have the face to face consultation that is so important for our ordinary individual tax payers. The majority of these tax payer's tax debt levels do not warrant tax lawyers or accountants. They just need a polite and understanding tax advisor.

Nevertheless, these tax payers are Cook Islanders. They are our people and they are part of the community and they have expressed the willingness to pay but they want an easy and more understandable means to pay what they owe.

And as I mentioned in yesterday's statement, Madam Speaker we have to be grateful for the majority of our people who are timely and compliant taxpayers. Everybody has benefited from the good Government policies that have seen increased prosperity in our country.

Everybody has received more money in their pockets as a result of the reduction in the individual tax rates that we implemented in 2013 and it is through these good practices that we are able to address the issue of tax arrears and put in place an amnesty that actually makes a difference and this amnesty, will make a lot of difference to a lot of people and will make a lot of difference to our country.

I would expect to see businesses able to reinvest back into their operations to improve their performance and contribute fairly to the tax take of this country in the years moving forward. And it is also timely to remind our people and the Members of the House that this tax amnesty is something that we have done as part of our 50 years of self-Government.

It is debt that has accumulated over many, many years and we have been very prudent in how we apply this amnesty, Madam Speaker and been taking our time to ensure that we are doing things the right way.

The discretion to waive taxes and penalties, Madam Speaker is vested within our legislation but is vested with the Collector of Revenues. The Collector has the sole discretion to be able to provide that waiver.

What this Income Tax Amendment Bill does, Madam Speaker is that it moves that discretion from the Collector and it vests it in the House of Parliament for the Members of Parliament to be able to make a one off decision in this case once in 50 years to waive those taxes.

That authority, Madam Speaker is vested in these amendments that we have that is before the House right now, essentially saying that the amnesty period will end of 31st March and any further waivers of any sort of tax will return back at the discretion of the Collector of Revenues.

These three particular clauses that I would like to point out to our Honourable Members affects the closing date of the amnesty which is 31st March. Clause 6 in the Amendments, Madam Speaker refer to the waiver of core tax and additional tax for the period prior to 1 January 2010 and makes adjustments, Madam Speaker for those who have paid penalties during the amnesty period for them to be able to claim a credit on any payments made.

Clause 4, Madam Speaker is an additional clause in these amendments which was to clarify the situation around provisional tax and this provision, Madam Speaker basically sets a threshold for when taxpayers are required to comply with provisional tax requirements if their income exceeds \$20,000 in the current year.

And this is to prevent taxpayers using a low income in one year to justify not paying provisional tax the next year even if the income in that next year is high.

So, as we can see, Madam Speaker the amendments themselves only take up one page in terms of the three key amendments that are before us but their impact, Madam Speaker will be long felt and it will be a big impact on our Cook Islands people and on the Revenue Management Division of the Ministry of Finance.

These provisions in these clauses in the amendments, Madam Speaker will be very similar in the Value Added Tax Amendments that will be before the House after this one and they will have exactly the same impact, Madam Speaker as the current Income Tax Amendments that are before us now.

Therefore, I ask the Members of the House to receive this Income Tax Amendment Bill before them, receive it in the spirit of forgiveness that it is being tabled and receive it in the hope that a number of our people will be able to make a fresh start and receive it in the hope that those of us who are reaping the rewards of this good economic growth that we are having now will also have a care for those of our people who are struggling with this burden. Thank you, Madam Speaker.

MADAM SPEAKER: Thank you, Honourable Minister I seek for a seconder of the motion. I see the Honourable Albert Nicholas.

HON. A. NICHOLAS: Madam Speaker, I rise to second the motion before the House and may I have a moment to speak to the Bill.

MADAM SPEAKER: Thank you Honourable Minister.

Seconded by the Honourable Minister Albert Nicholas

And you may continue to speak Honourable Minister.

HON. A. NICHOLAS: Firstly, Madam Speaker greetings to you and to your staff and greetings to the Members that were elected to become servants for their constituencies and those listening in and in my Palmerston Islands language, “good day.”

Madam Speaker, before the House at this very moment is an event so unique and so rare that I would go as far as to compare it to Halley’s Comet, the blood moon rising event. So rare Madam Speaker, I would even compare it to the chances of the Honourable Member of Ngatangiia asking a sensible question at question time.

MR J. BEER: Point of Order, Madam Speaker

MADAM SPEAKER: What is your Point of Order?

MR J. BEER: Madam Speaker, obviously there is no reason for the Minister to be able to cast aspersions on another Member of Parliament in this House, it is undignified conduct.

MADAM SPEAKER: Yes, Honourable Minister I do not think that fit, I think you should take that back.

HON. A. NICHOLAS: My apologies to the Honourable Member and for affecting the Honourable Member for Murienua.

MADAM SPEAKER: Thank you.

HON. A. NICHOLAS: He may need to learn how to say sorry as well. Madam Speaker, the event is so rare that I would even compare it to one’s 50th birthday. A once in a life time event after all we can only celebrate our 50th birthday once in our life time.

The Bill before the House, Madam Speaker is also such an event so rare that I have even gone and did a little research going back as far as I possibly could in our history, Madam Speaker as far back as even 1901, even when we were under the New Zealand administration, I could not find anything. I have come to the conclusion Madam Speaker that this is in my view a once in a lifetime event.

Madam Speaker it is such an event that I am probably honoured, not probably, I am honoured and proud to be here witnessing this event. Madam Speaker these issues concerning businesses, and taxes. From the information I have received issues going way back even as far back as for the last twenty years.

If you are good at Maths like I am Madam Speaker you will note that even those on the other side of the room were part of the Government during those times.

I have ignored these issues Madam Speaker and in some cases have probably brushed it under the table to fix itself. Rightfully so, Madam Speaker because this particular issue requires a Government so bold and courageous to bring a document before this House to fix this issue once and for all.

Hence we have before the House the Bill that is at hand. Issues of tax failures could range from many reasons from the global business environment to bad business practices to business inexperience. But one thing is for sure no matter how you put it, it is an issue that is accumulated over the last twenty years.

The Bill before the House Madam Speaker is there because this Government intends to deal with this issue once and for all. And I liken it to policies within Internal Affairs which is the disability policy where we have funds available to our in abled citizens of this country or disabled citizens of this country where they can access support. Be it physical or mental so why cannot business disabilities be inclusive as well.

This is the essence of this Bill before the House is to help individuals with their business failures concerning their tax responsibilities. After all the individuals concerned are citizens and individuals of this great country that we have. So, the question then I would pose to the opposing side of the House. Why can't we help our own people?

Madam Speaker, I rise to support the Bill before the House and I apologise to the other side of the House if my analogy has somewhat confused them while one only needs to look at question time Madam Speaker and that is my little bit to the discussion on this Bill.

Before I close Madam Speaker, in a moment of quietness and solace last night I closed my eyes and asked for guidance and in all honest Madam Speaker I woke up to this verse that was sent to me this morning and may I leave this with the Opposition side of the House.

In Psalms 82 verse 4, "Rescue the weak and the needy deliver them from the hands of evil." Thank you.

MADAM SPEAKER: Thank you Honourable Minister and I see Honourable Tangata Vavia, you have the Floor.

MR T. VAVIA: Thank you Madam Speaker. I appreciate the speech made by the Minister of Internal Affairs but it most suit them on the Government side.

Madam Speaker, I just want to say that no one wants to pay taxes but it is a necessary part of our economy and therefore tax Bill is brought to parliament to make people put money towards the tax to pay for the infrastructure and so on of the country.

But in this particular amendment I just want to put my view to this House that I do not support this Bill in whatsoever form it has in this House.

I will not give my support in passing this Bill to legalise and allow a wrong practice by this Government and to make their Act a legitimate one. I am still of the view that the practice of bringing in to allow the amnesty tax to take place is not in the best interest of the country.

And to the people that tried their best every year to pay their tax I am sure that they find it very difficult as well to pay their tax at times but they try their best to honour their tax payment.

MADAM SPEAKER: Honourable Member I am going to interrupt you and we will now suspend this sitting until 3.00 p.m.

Sitting suspended at 2.28 p.m.

Parliament resumed at 3.00 p.m.

MADAM SPEAKER: Please be seated Honourable Members. Parliament is resumed.

ORDERS OF THE DAY

Orders of the Day is the interrupted debate on the Second reading of the Income Tax Amendment Bill. The Honourable Tangata Vavia has the Floor, you may continue.

MR T. VAVIA: Thank you Madam Speaker.

Before we adjourned for lunch, I was saying that I will not support the Income Tax Bill as in my view the practise of this tax amnesty is wrong by this Government and I will not be part of legitimating this Act.

Madam Speaker, there are many reasons why I oppose the Bill because the coin has two sides.

One side of the coin is the Minister of Finance is trying to explain to us why he has brought this tax amnesty to Parliament. But no matter how much he tried to explain a way, my thoughts could not just accept it and the more he talked about it, the more I question about it.

That is the other side of the coin that he is explaining why Government think they should bring this tax amnesty.

But on the other side of the coin, thousands of Cook Islanders are asking. I have paid my tax right throughout the term of my business or whatever and I was taken to court because of my tax. I am talking for the whole of the Cook Islands tax payers, those who has been taken to court and that is the other side of the coin that I dwell on a bit more because that side is still murky and the intention to me is sinister and shady.

Although the Minister is protected by the Act in not reviewing those bad tax payers, it is in that area that the murkiness is questioned. No matter how you try to explain a way, that as far as I am concerned, I will not accept it.

MADAM SPEAKER: Can we please have some order, it is a bit noisy and we cannot hear properly.

MR T. VAVIA: Us good tax payers are saying, who are those people? Are they friends of the Minister? Are they companies that knows the Minister? The question is turning in the people's head. And who are the Members of Parliament involved in this. I will not ask the Minister to reveal any names.

I am asking if Government has thought closely before this amnesty is brought into place. Maybe they could have realised, yes, maybe help those tax payers exempt their additional taxes but not their core tax.

Maybe some of us will say okay, and if tax repayments were arranged because most of that tax amnesty would have been the additional taxes. And maybe if repayments were arranged in such a way that after two or three years you would have at the same time cleared the additional taxes by applying percentage to what you pay towards your core tax. That is just my thinking and there could be other better ways of doing it.

However, by doing that and if takes me one year to pay my core tax and my additional tax is about three times more than my core tax. What I pay each month is measured against that core tax and by the time I have paid my core tax within that year, all my core tax would have been written off. Then, I probably would not grumble too much because like I said earlier that some of our tax payers have appeared before the court and made to pay their taxes.

Madam Speaker, that is why I said there is no way I can stand in this House and be part of the team that makes this Act by Government or legalise this Act by Government when my heart tells me that it is wrong. If it was right, previous Government would have done it but they know for sure too that there are only two things that you cannot get away in life. There are two sure things that happens in everyone's life, that is paying taxes and death.

So, Madam Speaker I think I have said what I want to say. I was going to ask Government to withdraw this Bill but since they have already made people aware of what is going to happen. I can see there is no way they can back out now.

Remember about twelve thousand more people than the thousand odd that you are making this law for and those twelve thousand is looking at this side. Do not think this is going to win you the election, no it is not that is only a thousand odd people.

Madam Speaker this is all I have to say about this Bill and I will not support it. Thank you.

MADAM SPEAKER: Thank you Honourable Member and I see the Honourable Prime Minister.

HON. H. PUNA: Thank you Madam Speaker.

Madam Speaker I ask the indulgence from the Chair to make a Ministerial Statement without notice.

MADAM SPEAKER: Yes you may do so.

MINISTERIAL STATEMENT

HON. H. PUNA: Thank you Madam Speaker. Kia Orana to all of us in the Name of our Lord.

I just thought after that speech from the Honourable Member from Mitiaro, that our people needed to hear something better. Madam Speaker this is to do with an issue that you briefly mentioned at the beginning of our sitting today.

As a country, we know full well the devastating effects of a cyclone. Our people can still remember the loss of life and property of Cyclone Martin in Northern Cook Islands in 1997 and when Cyclone Pat destroyed Aitutaki in 2010. When these natural disasters hit our islands, the devastation caused was felt not only at the initial impact but for many months and years afterwards.

For this reason, Madam Speaker we join with our sisters and brothers in Tonga and Samoa not only in prayer and reflection but also in much needed aid and assistance and the message to these brothers and sisters of our in the Pacific is very clear that we stand with them in their hour of need.

Those our response as a nation is driven not only by our shared experience with the devastation of a cyclone, more importantly it is that we are all people of the Pacific joined by a common history, a common ancestry and a common locality.

Madam Speaker, I stand to not only support the fundraising initiative announced by Red Cross but also to appeal to our people to join in the real Cook Islands spirit of giving and freely giving to this worthy cause on Thursday.

For this reason we have already announced that your Government has given \$50,000.00 to kick start the fund raising effort and we will also suspend Parliament after tomorrow's sitting to free up the radio for the radiothon. As a nation we invite you all to join with Red Cross Cook Islands so that we all here in the Cook Islands

can freely contribute to the rebuild in Samoa and in Tonga. Romans 12: 15 says that we rejoice with those who rejoice and we also weep with those who weep.

As nations when one weeps, we all weep. When one is broken, we all feel broken and when one falls down we all reach down to help that nation back to its feet for that is our response as people of the Pacific.

So, the appeal is going out to our people right throughout the islands, Madam Speaker and we call on our collective strength so that we can stand with our brothers in Tonga and Samoa in their hour of need.

So, people of the Cook Islands please join with us this Thursday with Red Cross Cook Islands as we give with the generosity and love that is so characteristic of what it is to be a Cook Islander. Madam Speaker, Kia Manuia and May God bless the Cook Islands.

MADAM SPEAKER: Thank you, Honourable Prime Minister. The Floor is again open on the question of the second reading of the Income Tax Amendment Bill 2018 are there any further speakers and I see the Honourable Member Mona Ioane.

MR M. IOANE: Madam Speaker, greetings to all of us this afternoon. Greetings to our listeners in the Outer Islands and to all those listening in.

I stand to speak on the principles and merits of this Bill, this good Bill. I will explain why I support this Bill because this Bill according to the principles and merits will help our people who are struggling to pay their tax.

I am sure there are a lot of them out there who are constantly thinking about their tax and they have tried to find ways and means to pay their taxes. Maybe some of these people have passed on and this has become a burden for their family members today.

Some of these people may have travelled overseas and maybe they have run away because of these taxes but then maybe they are not running away but they are finding it hard to pay their taxes.

I would like to say thank you to the Minister and to Cabinet for the help they have given to the people.

We hear all the complaints from the Opposition. I remember when I was working in the BTIB and there were some talk during the recession and during that time they were in Government. There were some business owners that the Government helped in those days to help them during the hardship.

Some businesses were going to be shut down, some have already been closed. To those who are talking about the Government on this Bill, they forget that they did the same thing, exactly the same thing to bail some businesses out. They gave some money to these businesses to assist them. It is the same as with this tax. This is what the Government is doing exactly to what they have done and I say thank you to them for doing that.

Today these businesses are doing well on our island. I say thank you to them for helping those businesses. I do not understand why they did not bring this up because it was a good thing they did. I am surprised they are talking negative about the Government for bringing this Bill in. This Bill brought into this House is exactly what they did to assist our people.

I have mentioned those struggling to pay their taxes. Maybe some of us individuals are struggling and not just the business owners including us the people. Maybe most of them are in the Outer Islands. We understand in the Outer Islands they will find it hard to pay these debts.

So, Madam Speaker the principles of this are of great use. Maybe those who are compliant in paying taxes will still talk. I am not denying their rights but maybe they will come across this one day. They will experience some of these hardships when they go through this they will find it hard. Maybe they have experienced it but they have found a way to come out of this hardship.

So, Madam Speaker those are my thoughts and I support this Bill. Thank you.

MADAM SPEAKER: Thank you, are there any further speakers? I see the Honourable William Heather you have the Floor.

HON. W. HEATHER JNR: Thank you, Madam Speaker. Greetings to all of us in this House and also to our people listening to the debate this afternoon. I want to thank my constituency in Arorangi and all the way to Rutaki. I also greet the people of the Outer Islands for giving me the opportunity to speak on your behalf.

Madam Speaker in relation to the Bill before the House, I would say that the introduction is good because the purpose behind it, is to help our people especially for those with businesses. However, when we came to the end, it waives the tax that people are due to pay to Government that will benefit all the people. That is the tune which does not sound right in my ears.

Some years back when our Doctor Terepai was still with us and with failing health. Together with the President of the House Ariki we visited him at his home. In our discussion that day this is one of the main subject we shared. I talked about the tax that was imposed on the people during the transition period when the Financial Secretary recruited by the New Zealand Government forced it upon the people.

I told Papa Pai that it is vital for us to ensure our people does not leave our country and move overseas. He and the House of Ariki President agreed with my view because the private sector are the ones that pay a lot of taxes.

I was saddened when Dr Terepai passed away because I shared my view on payment of taxes with him and then later a business man came to see me. He told me that his passport has been taken by the officials and now he cannot go to New Zealand on his business trips.

He reminded me that the general election is around the corner and questioned me of my move on this matter, if we were to become the Government. It reminded me of the time Papa Pai and I discussed this particular matter.

I told him that if the chicken's head is chopped off, the chicken will not be able to lay anymore eggs. If you do this tomorrow you will miss out on your chicken laying eggs for you and you will not be eating eggs because you have killed the chicken and you lost your supply for the future.

The business friend looked at me and asked me what I mean by my parable. I told him that when I prosecute him because of unpaid taxes and he ends up in prison. There will not be any money coming out of him to help to generate income in our economy.

This is what is driving our economy it is the private sector through the businesses who are generating income through the payments of their workers and also the conducting of their businesses. Madam Speaker here are my thoughts in regards to this Bill for I have spoken about this Bill some three years ago. I spoke about it on the radio and also at our Opposition caucus meeting.

I spoke about it in this Honourable House and the ship that brought the Outer Islands participants for Te Maeva Nui celebrations. We will generate a lot of income over the three years that we ask the Outer Islands to remain in their respective islands and celebrate Te Maeva Nui in their own islands.

So, at the end of the three years there will be enough savings to be able to bring them together for a massive celebrations of Te Maeva Nui. These are my thoughts Madam Speaker and the Honourable Member Mona Ioane pointed out that we did something back in those days but I am confirming now that I was not a Member of Parliament and that time.

I was a staff member of the Infrastructure Cook Islands at that time and I went to approach our Minister directly to inform him that our finance officer did not provide the payment vouchers for the purchase of aggregate gravels for the tar sealing programme. I remember that I was the one that presented the invoice to the local company for the materials and they dishonoured the invoice that is how I know that I was not part of the Government at that time.

I would like also to touch on a few points that was raised by the Honourable Member for Avatiu, Honourable Albert Nicholas. I would like to point out to the Honourable Minister of Internal Affairs that at times we got our own strength and at the same time our weaknesses but this particular incident related to a Mama from the area of Arorangi that came to approach me.

This is a mama who needed a house to live in for her and family. I am not in Government at this time but I feel it is my obligation to provide support to such people and families within my constituency.

Therefore, Honourable Minister I want to remind you that I did not approach our welfare service and I did not come to disrupt your business. I just went ahead and source the help and assistance required for this family in my own time. At this time I

would like to acknowledge all those who provided support as well as those who are visiting the mama at her new home since Christmas time.

I also thank the General Transport for the cranes and to SMT and other smaller companies that provided support and special thanks to Mani Mamanu and his team for their carpentry skills. I pay tribute to Avaiki Aperau and his wife Colleen for their support in coordinating this project.

Therefore, Madam Speaker those are my thoughts at this time I also give my notice to the Prime Minister that I am opposing this Bill especially because there be a removal of the core tax involved. Thank you.

MADAM SPEAKER: Thank you and I see the Honourable Deputy Prime Minister.

HON. T. HEATHER: The song of Psalm says, “Praise the Lord O my soul and all that is within me praise His holy Name”. The word of God also says, “Remember thy creator in the days of thy youth while the evil days come not nor the years draw nigh when thou shall say, I have no pleasure in them”.

Kia Orana to you Madam Speaker and to all the Honourable Members in the House. To all our people listening to our radio this afternoon, Kia Orana. To all the people in the different constituencies and especially to the people of Puaikura, to Tinomana Ariki, Ui Mataiapo, Ui Rangatira, Kia Orana to you all in the Name of our Lord.

To the different denominations in our country, Ui Ariki and Ui Ariki, Kia Orana in the Name of our Lord.

Madam Speaker, I rise to give my strong support to the Bill and in the Name of our Lord, I wholeheartedly support it. Madam Speaker if any of you have not been in any troubles relating to income, relating to the general welfare of the family and in relation to other things associated with your life, and when you feel that you are in a very deep hole, you will not be able to claim that you do understand the situations relating to what we are discussing.

Even though the Honourable Minister of Finance, Mark Brown have clearly expressed in this House the concepts of forgiveness and I recall that at the time when the discussions on this initiative took place, I recall that the Bishop of the Apostolic Church, Bishop Pere came to attend the meeting to start the discussions on what we are discussing today.

He provided explanations on the meaning of the word Jubilee. At that point, we were convinced, from the Prime Minister and down to us the Ministers because he explained to us what was the relation between what he was asking and in relation to what happened to the children of Israel.

In relation to the history of the Israelites, when they had lived for a period of fifty years they were able to look back and forgive all owing which were owed by the children of Israel at that time.

In that Cabinet meeting when we were discussing these issues, this initiative was generated at that meeting. What is our strategy in remembering our 50 years, we decided that we will link back to what happened with the Israelites. Because this is a yoke that has become a burden on our people mainly because they have not understood the impact of their non-payment of their dues and as explained to you by the Honourable Albert Nicholas and the Honourable Mark Brown. This is why this initiative is now standing before you.

And from that time to now, I am most delighted to witness the progression of this initiative from what was a discussion into a Bill that has now been brought into this House. What is happening now, with our hearts of forgiveness, we should follow the example set upon us by our Lord Jesus where we forgive and provide assistance to those of us who are in some time of struggle.

In the past few days, we have heard our devotion of scriptures and stories focussed on King David when he became the king of Israel. There was a case brought before him in relation to an action by King Saul who was before him in taking some of the lands and assets of a particular tribe. He advised his tribe, I will return every land that was confiscated from you but you must bring a representative of your tribe before me.

This is what struck me when I go further into the story because the representative they brought before him was a disabled person. And this is what King David advised him, that this day onwards we shall dine at one table. Therefore, Madam Speaker, all the Members in this House are saying that we are all Christians. Therefore, I am posing the difficult question to them, where is your Christian spirit at this time in relation to this Bill.

The Leader of the Opposition explained to us what he did in relation to supporting this mama in the electorate of Ruauu. And what he did was no different to what we are attempting to do through this Bill. This is what he did.

I am saddened to hear the views of this gentleman in our House who have served as a long time representative for the island of Nukuroa. He gave his views on the Bill and also strongly declines to support it. Let us ask, is this Christian value? Our people of the Cook Islands have fell into this strive so are we not going to extend a helping hand to them.

He also informed this House that some of our people have been taken to court because of their taxes. He gave some explanation to us but I am asking him, why when he was a Minister of the Crown he did not do it. So, this respectively means that if we did not support this Bill all these people will land in court. Therefore, this is the key spirit in removing this yoke and burden from our people, we would like to move forward with this Bill to help them out.

This is not campaigning Madam Speaker. This is about taking into consideration all the efforts and struggles of our people in the last twenty or thirty years. This is what happened during the time where the Leader of the Opposition was in Government at the time. We found that they have confiscated all the passport of the absconding members of our society so they cannot travel overseas.

The Honourable Member for Mitiaro is demanding that we disclose the names of the individuals who are on this list of people who have been forgiven for their taxes. Maybe they are on this list as well.

Therefore, Madam Speaker I am studying the way they are speaking and their views in relation to this Bill and they are not supporting and taking into account the care that we need to express to our people.

Therefore, for all those people who are involved in this Bill and those who have outstanding taxes, you have heard the views of the Opposition where they oppose any attempt for us to try and help you but we are here to present this Bill for your benefits.

The Honourable Mark Brown also mentioned that there are those who were on this list and who have passed away and there are also those who were on this list that have travelled overseas.

Madam Speaker, this is not about putting extra money into the pockets of those who are being forgiven for their taxes. This is about removing the burden from their shoulders so they can be a bit lighter in their load.

Therefore, Madam Speaker in this day and age we all understand what happens at the celebration of the biblical jubilee, the 50 year mark. It is time to forgive these outstanding taxes. This, Madam Speaker is the spirit of this Bill. It is not for us to delay and delay the implementation, it is now to be done in celebration of our 50 years anniversary.

MADAM SPEAKER: Thank you Honourable Minister and I see the Honourable Nandi Glassie.

HON. N. GLASSIE: Greetings to all of us and greetings to the Outer Island listeners and also to the people of Enuamano. I want to thank the people who have spoken on the Bill this afternoon.

For the sake of the Hansard, Madam Speaker I have decided to share some of my views in English. There are so many views that are being expressed in regard to the Income Tax Amendment Bill both for and against. But the way I will deal with this Bill, Madam Speaker is coming mainly from how reliable is a Government when it is dealing with policies.

From an emotional point of view the policy is more on forgiveness but from the practical point of view in regards to the policy, I believe this is a good policy.

A good Government always look on how are some of the policies being implemented in this case over the past ten years. A good policy always help those who are being disadvantaged by bad policies. So, a good policy provides relief to those who need to be helped in their line of business development.

This policy is very much the same as the minimum wage. The minimum wage is that you cannot pay anybody below seven dollar mark but if you want to pay somebody more than seven dollars, twelve dollars and so forth that is a good policy to the benefit of our people.

My interest in this policy is to look at the area of the private sector. Let me just say, Madam Speaker the private sector drives the economy but the role of any Government is to steer the policy.

To me the purpose and the intent of this particular Bill is to help those in the private sector. Eighty percent of all jobs are created by the private sector. The private sector develop their businesses so, with any help by the Government to develop a business is good for any nation.

Our role in Government is not to develop businesses but to provide quality services to our people that is the difference.

Clause 4 of the Bill clearly states the policy is in an expected income tax, professional tax. If your income is round about 20 thousand dollars a year then you pay the tax within that particular year but the clause also says that if you have some tax owing the previous year, do not worry about it.

So, as a nation let us have a look at that 1000 people that are affected by this policy. We have helped those 1000 people develop, enhance their businesses. A policy that is very considerate to our business people out there so that they can continue growing, growing and then helping more people get into jobs.

Some of my colleagues were quoting verses from the Bible. It reminded me of the three servants, the first two servants went away they did not bury their talents but they developed their talents so that when they come back they can satisfy their master by saying that we have developed our talents master. The third servant buried his talent and no wonder it did not grow, or he did not grow his business.

Therefore, Madam Speaker the model for us is the first two servants who developed their talents very much like the essence or the intent of this Bill.

If people make silly noises while I am talking that is their prerogative. But let me say, Madam Speaker the purpose of the Bill is very clear to all of us.

The Deputy Prime Minister mentioned one very good point. If you have been under the shadow or the cloud of heavy debts for a long time, life can be very unpleasant and the purpose of the Bill is to take away that dark cloud so that any business entrepreneur can get up and say look I am starting a new slate in order to try and better myself as a reliable citizen of our nation.

So, the removal of penalty is a great relief to those who are affected by this policy. And that really is the basis of this Bill it says one off for the last 50 years, it is the removal of penalties on our people being affected so, that they can grow their business, their lives into a very good future.

Finally, I want to acknowledge the Minister of Finance for bringing this Bill in because it is very timely that I feel it is about time we start addressing some of the big issues in our nation in spite whether this is election year or not the point is let's try and polish good policies so that we can move on as a good nation and we are a very

good nation compared to a lot of those around us. It is based on prudent, financial management.

Those are my thoughts in support of the Bill and I stand in full support of the Bill before us. Thank you.

MADAM SPEAKER: Thank you, Honourable Minister I see the Honourable Rose Brown you have the Floor.

MRS R. TOKI-BROWN: Greetings, Madam Speaker and to all of us in this House, greetings. I want to say greetings to our people who are listening to our Parliament debate this afternoon and also to the people of my island of birth Enuanu, Kia Orana to all of you this afternoon.

Madam Speaker, I rise to give my thoughts in support of this Bill before the House. I think of our parents who have passed on and to those who have left our nation especially who were affected by these taxes. I believe that what will happen now is encourage them to return to grow and to help our country develop again.

In regards to what the Member from Nukuroa talked about in relations with some of the MP's who are involved in this tax amnesty. Madam Speaker I would like to announce that I am not part of this tax amnesty. I want all those listening to know this fact. I have paid my taxes and my company also. The main thought here is to assist with the people that came across this tax problem.

We all understand especially those that own businesses the addition and burden of these taxes and I feel sorry for the business that were forced to close down because of these additional taxes. It is my wish that those of our people overseas to return as your debts have been wiped out. Maybe in the near future the Government will come up with some good ideas for the people of our nation.

As mentioned by the Minister of Finance all these new proposals are to encourage and to help those in business in our country. These are my thoughts to express my gratitude to those that was involved in all this work too and to lighten the load and to continue to support the people of the nation. Those are my views, Madam Speaker and I fully support this Bill.

MADAM SPEAKER: Are there any further speakers, I see the Honourable Selina Napa.

MRS S. NAPA: Kia Orana, Madam Speaker and greetings to all of us in this Parliament this afternoon.

Firstly, I want to refer to the Government members and to what they have said on the Floor, they were not talking about the actual Bill but they have been quoting from the Bible. Maybe they are planning to become Pastors of the church.

Firstly, before I touch upon the Bill I would like to say a few words to my constituency in Titikaveka. To the three pillars in the village, public servants, the youth and everyone greetings to you all.

My views on this Bill before the House. It looks like that the Government have borrowed this idea from the Democratic Party because during the election campaign they did not talk about any tax policies. So, do not just boast about yourself but give credits to the Opposition who gave you the idea of tax amnesty for our people.

When the tax amnesty was initially introduced there was not any explanation on how it was to be enacted. Only just recently that it was introduced that people after 2010 their core taxes and penalties will be wiped out. I think if they just allowed that the penalties be paid but to leave the core taxes, I would support this Bill.

I have actually spoken with a gentleman that had a letter written to him concerning the taxes he needed to pay but the department actually tried to help how his payment should be planned. His penalties were actually wiped except for the core they actually tried to help and because he was honouring his payment consistently a couple of years later his tax was completely wiped. This is what has happened to this person and today this has become a lesson for him and also others that this is a good way forward for us.

A lot of people actually when they hear the word tax it actually brings fear to them but today when I go to the Tax Office I find the staff very helpful.

The Government keeps stating that this tax is seeking the forgiveness of the people and receiving it in the spirit of forgiveness. If they have actually taken away the taxes on our elderly, this is the way it should be described as forgiveness.

The Member for Rakahanga is saying that the elderly does not pay tax – wait until he gets the old age pension then he will see how much tax is taken out of his pension.

The Minister of Internal Affairs quoted for us that we should help the weak and also protect those from evil. I recall from an instance last year when I approached the Ministry of Internal Affairs on behalf of a pensioner to ask for assistance in the improvement of his toilet and bathroom and there was no support secured from there.

Therefore, I would like to say thank you very much to the Cook Foundation because through our Madam Speaker the foundation provided some support to assist with the problems being experienced by this pensioner. Therefore, we should be careful about expressing our views especially those that will have an impact on some other people.

I also would like to correct the expressions by the Member for Vaipae and Tautu when he said that some of our Members on this side of the House have gone through and benefitted from the provisions given by the Government at that time.

I am not sure what college he attended in his training to become a lawyer so he can see the difference between providing a loan and also a financial support. Because when he referred to some of the Members of the Opposition receiving financial support from the BTIB, these funds given to them were actually loans that they have to repay and this was made available to everybody even those in the Outer Islands.

Today, I would say Government should be grateful about this soft loan because to my understanding most of the businesses has repaid the loans back to BTIB and this has assisted other applicants in small business developments. In the past not only the Members of Opposition that benefited from these assistance but some Members in Government also benefited from this support.

On the tax amnesty, Madam Speaker I would say it is this Government that has burdened the people to the point that businesses has closed because of the tax, it is not the tax I would say it is the lack of management of their business and the burden of raising the VAT from 12.5 percent to 15 percent. So, what they are saying the closures of some businesses is because of the tax I do not agree to that. I would say it is because of the high taxation the businesses are paying to Government in order for their business to survive.

This side is saying we are incompetent and that we do not understand the in-depth of the Bill, I am saying they are incompetent because they do not understand what we are expressing to the people we do not accept the core tax to be waived but for us to pay the core tax but for the penalty to be waived. Because the penalty interest is what is burdening us on our tax repayments over the years if taxes are not paid.

Perhaps when we go into committee I can share some more thoughts but at the moment these are all I have, Kia Orana.

MADAM SPEAKER: Thank you and I can see the Honourable Minister Kiriau Turepu.

HON. K. TUREPU: Kia Orana Madam Speaker, your staff, and all of us in the House. Kia Orana to all the Members in the House, and to our people listening in to the radio both in the Southern and Northern Group. Three pillars of our nation, the religion, land and Government, Kia Orana in the Name of the Lord.

I am sitting and thinking on this Bill, I recall when the pastor came in for our opening devotion today.

MR. J. BEER: Madam Speaker, the time for the Honourable Member has not been set at 20 minutes, it has been running for quite some time.

MADAM SPEAKER: Thank you for bringing that to my attention.

HON. K. TUREPU: I recall the pastor's message to all of us today in this House which says 'guided by great leaders'. With the comments I am hearing in relation to the Bill, I recall this saying which says this Government is led by a good spirit, the reason this Government is introducing the tax amnesty into the country.

This is not based on a distrustful, suspicious or wicked spirit but on a good spirit for us all. As I listened to the contributions I realised we talked a lot about the tax amnesty.

To me what we have before us is an amendment on the Income Tax Amendment Bill. There is not many amendments on this Bill, one is to amend and another is to insert.

But in my view these amendments do not have bad intentions it is only good intentions.

The Minister of Finance has already explained to the House that period prior to the 1 January 2010, there are no issues regarding to the period and this dates has been stipulated several times in this amendment Bill.

I think we should be focusing on what is being presented in this amendment Bill which is the forgiving of the excess taxes. And I see that some people who have been struggling with taxes before and now they can see that we are bringing in this tax amendment Bill, Madam Speaker I am declaring that I myself have been involved in this amnesty Bill.

As already explained before the preparation of tax returns is not a favourite activity of ours to do. It is a tiring job so the message here is very clear, if you think you are struggling with the preparation of your taxes and your returns to seek advice from accountants to help you to lighten the load because there are people who are now in our nation who know how to do all this kind of things, it is very easy for them to help you out with your difficulties.

Therefore, to me in my opinion the amendments that is being tabled before the House this is a very good move by the Government for our people.

And I am just wondering of all the people that are involved in these unpaid taxes are these people who have millions of dollars, who are involved in this amnesty? But for me as they are listening out there to what we are doing now, this is a very big help that Government has initiated to support them to move their businesses forward. Therefore Madam Speaker I am not going to diverge everywhere in relation to this Bill I am saying that I fully support this Bill.

Madam Speaker I am not blaming those Members who are speaking outside of the Bill but what I am saying is that clearly they did not read the Bill properly before formulated their views to present to the House.

These are my views Madam Speaker I provide my full support to this Bill because it will be of benefit to all of our business owners as well to anyone who is in a bad debt situation.

MADAM SPEAKER: Thank you and I see the Honourable Ngamau Munokoa and may I just remind you that we have ten minutes and then will be ending up for the day.

MRS N. MUNOKOA: Madam Speaker, to all of us in this House and also our people listening in to the radio broadcast, greetings to all of us. This afternoon we seem to be pointing fingers at each other in this House. I believe we are talking about the tax burden on our people.

The Minister Mark Brown told us that 1,433 people have a large tax bill that they will have to pay but out of this number 1,063 are Cook Islanders. But how many of us Cook Islanders have done the right thing and have paid our taxes on time; how many

of us have tried to get away from paying taxes and pretend that we do not know the tax laws.

Speaking for myself, I went into a business that was given to me by my father in 1964. My friend during that time was Dick Chapman and he used to look after my accounts. It was not a big shop but during that time I knew that I had to pay tax.

During that time also I used to go to night classes to study accounting and I got my Diploma in Accounting. In 1965, my father died and I inherited this business from my father. It was a small business but it has grown bigger today.

We all know that our people are terrified of the Tax Department but if you pay your taxes then you will have no problems. That is why I said that my friend during those days was Dick Chapman. He used to work for my uncle Joe Browne. It was only later when I became a Member of Parliament that is the time my children and family was a little bit wayward in paying our taxes because I declared that I only had an interest vested in my business but I am not the one responsible for the financial accounting.

Yes, at some point my business suffered a little bit but we relied heavily on our daughter that we send away to be educated in business management to come back and keep the business floating.

Therefore, we worked hard to actually pay our overdue taxes and now that we have done that we have this new Bill coming before the House. I would like to ask the question, is our tax that we paid on those debts refundable?

Last year we discussed and debated on this very issue and Bill and now we were waiting for the time when this Bill will be reintroduced to the House and here we are the Bill is before us.

I am not blaming the Minister of Finance, I am merely asking for support in examining all those who are in trouble with their taxes to find ways and means of waiving those that are waivable.

My observation, Madam Speaker is that those who paid their taxes worked very hard to make sure they follow all the regulations in terms of paying taxes but those who were not careful with managing their finances are now being rewarded by this Bill. What about us those who have done the right thing in paying our taxes prior to this Bill coming into the House.

Therefore, I would like to suggest as with the Honourable Member from Titikaveka who mentioned the value added tax at 15 percent, I would like to suggest that this be reduced back to 12 percent because we are only paying seven dollars for the minimum wage.

The Honourable Minister of Finance is referring to tourists, but I am saying that those of us who are going out to the markets to sell our products, we are the ones who will have to work hard to generate the income to be able to pay all these taxes.

MADAM SPEAKER: Honourable Member, I am going to interrupt your debate on the second reading of the Bill as our time is up and are you willing to say our closing prayer, good. I ask you then, Honourable Member to please say our closing prayer.

CLOSING PRAYER

MADAM SPEAKER: Parliament stands adjourned until Wednesday, 21 February 2019 at 1.00 p.m.

Sitting adjourned at 4.56 p.m.