



# FORTY- EIGHTH SESSION

## Hansard Report

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### **OPENING PRAYER**

**MADAM SPEAKER took the Chair at 1.00 p.m.**

**MADAM SPEAKER:** Honourable Members please be seated.

What a beautiful scripture this afternoon that is so appropriate for our discussions for the day especially for this meeting this afternoon.

Kia Orana to you all Honourable Members on this wet day. Although it is a wet day, it is also a beautiful day.

Kia Orana also to all our people in the Cook Islands listening to our broadcast today. We have no audience in our public gallery, maybe later on today.

Honourable Members, I do not have a lot of announcements except that our friend, Mrs Debra Angus is catching the flight at three o'clock and she is gone to the airport this afternoon.

I have however, extended your many thanks for the help that she has given to this Parliament, Members and staff and for her to have a safe trip home. Debra is also giving support to the Parliament of Tonga and to the Parliament of Tuvalu. Therefore, we are very fortunate to have her share her expertise to the Parliament of the Cook Islands.

The other announcement is, please complete your Hansard speeches and correct them and send them back to the staff as soon as you can.

We will now go to Question Time for half an hour.

### **QUESTION TIME**

I see the Honourable George Angene.

**MR G. ANGENE:** Thank you Madam Speaker. Kia Orana to our Honourable Prime Minister, Honourable Members and to all our people listening in to our sitting.

I have a question to the Minister of Finance the Honourable Mark Brown. I will not stop asking questions to you because you hold the purse of our nation.

Madam Speaker, so many people in my constituency visit me to ask for assistance and because there are insufficient funds to assist with their request, I often dig from my own pocket or I ask for assistance from my sponsors.

During the last Budget, \$2,000 was increased for constituency funds bringing the total to \$10,000. This is still insufficient Madam Speaker because it only took me one and a half month to use all this money. I would like to ask the Minister of Finance if he could please consider increasing the constituency funds again. I am not only making this request for myself but for all Members of Parliament starting from me.

Thank you.

**MADAM SPEAKER:** Thank you and I see the Honourable Minister of Finance.

**HON. M. BROWN:** Thank you Madam Speaker and thank you to the Honourable Member for Tupapa/Maraerenga for that question.

I believe this question is fitting for all Members in this House as to whether they want their constituency funds increased from what has been appropriated to them. I have no doubt that all Members will agree to increase their constituency funds.

The second question then is, which allocation shall, we reduce in the Budget so that we can increase the constituency funds for the Members of Parliament. Maybe we reduce the budget for the Office of the Opposition so that we can increase the constituency funds for the Members.

These are my views to the question Madam Speaker and maybe other Members will make contributions to this question and tell us how we can increase the constituency funds. Thank you Madam Speaker.

**MADAM SPEAKER:** I see the Honourable George Angene. I have a supplementary question Madam Speaker.

**MR G. ANGENE:** The Minister asked us which allocation in the budget we should reduce. The simple answer is from your Ministerial salaries because you are sitting on a high salary. You also suggested the budget for the Office of the Opposition and I also agree with that.

My supplementary question Madam Speaker then is, when will you increase the constituency funds? Will you increase it in the next budget or after the General Election?

**MADAM SPEAKER:** I see the Honourable Minister of Finance.

**HON. M. BROWN:** Before we grant new financial initiatives to our Members of Parliament, we need the endorsement of this Honourable House. So, the answer to the Member's question is that, we will have to wait until the next budget when we will know how much has been appropriated for the constituencies.

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

**MR J. BEER:** Madam Speaker I raise Point of Order.

**MADAM SPEAKER:** There has not been anything for a Point of Order to occur.

**MR J. BEER:** There has Madam Speaker.

**MADAM SPEAKER:** This is Question time.

**MR J. BEER:** There has been Madam Speaker.

**MADAM SPEAKER:** There has only been one question asked this morning and is that your Point of Order on?

**MR J. BEER:** Madam Speaker my Point of Order.

**MADAM SPEAKER:** Honourable Member we are not going to go back to yesterday. This is question time so, if you have a question, ask your question and take your seat please.

**MR J. BEER:** Madam Speaker, Standing Order 170, Point of Order takes precedence.

**MADAM SPEAKER:** The Point of Order comes from something that is said this morning. I cannot see anything that is said this morning that brings about a Point of Order. If you have a Point of Order from yesterday, from another time, it is too late.

**MR J. BEER:** Madam Speaker, most respect.

**MADAM SPEAKER:** I think it is quite clear. This is Question Time, one question has been asked, there is no Point of Order on that, this is a new day, you cannot bring a Point of Order on something from another time. Please take your seat.

**MR J. BEER:** Thank you Madam Speaker.

**MADAM SPEAKER:** Thank you. Are there any other questions?

I see the Honourable Wesley Kareroa.

**MR W. KAREROA:** Kia Orana, Madam Speaker and all our Honourable Members and also to our people listening in to our sitting.

I have no question to raise but I am waiting for an answer. I asked this question in December of last year and I have observed that the questions raised by the Honourable James Beer and the Honourable Tangata Vavia have been answered but not mine.

During our last sitting of Parliament, I asked a question about the water tanks that were to be distributed in my constituency of Oneroa. I would like to remind this House about my question again. The people in the constituencies of Ivirua and

Tamarua received their water tanks and it is now time for the people in my constituency of Oneroa. So, my question is, what is happening to our water tanks?

During our meeting with the Council members, the officer for SHREK confirmed that the people of Oneroa will receive their water tanks however, he did not confirm to us when we will receive them.

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

**HON. H. PUNA:** Thank you, Madam Speaker and greetings to the Member for Ivirua, and his good question. I was going to ask if this is under the Shrek Project but when you mentioned Shrek then I can answer that question.

As he mentioned he already asked this question last year and he had the patience to this day. Madam Speaker, if I can take the question on notice and come back with the best possible answers to a very nice question from the Honourable Member. Either way there will be a written response to the Honourable Member.

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

**MR J. BEER:** Madam Speaker, I do have a question this time. My question is to the Prime Minister. Prime Minister, in this morning's radio session your Minister of Finance said that you had done a drive around the island looking at the condition of the road in particular those in Takitumu.

Can you please advise this House, Prime Minister, did you find anything that was necessary for it to happen and if it was going to happen in terms of repairs, when do you expect that to happen?

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

**HON. H. PUNA:** Thank you, Madam Speaker, thank you Honourable Member for the very nice question. Government has been concerned with a lot of comments publicly about the state of the roads so after Cabinet yesterday morning and before Parliament I got on my car and I went for a drive around the island, the whole island.

Yes, there were parts of the main road and even the back road particular around the airport that is in a rather sorry state. But the parts of the roads much used and often used that needed some attention was the stretch of road in Atupa on the back road, the stretch of the road in Tikioki around Avana area around the CICC Church and around the Takitumu school in Matavera.

But I was very comforted to see that the pot holes in Titikaveka particularly in Vaimaanga had been fixed. And in fact the stretches of roads that I mentioned in Avana, Matavera, they are not too bad at all but I thought that they needed attention before they get worse.

So, I had a quiet chat with the Deputy Prime Minister yesterday afternoon while we were in session and also with the Secretary of ICI. He assured me that as we were

meeting early yesterday afternoon they were fixing the roads around the back of Nikao.

So, yes those repairs are being attended to or have been attended to but I have to say that I paid particular attention to the reported pot hole around the Kent Hall where Aunty Marge had an unfortunate accident and I was pleasantly surprised that there is no more pot hole in that vicinity.

It is unfortunate that we have been plagued with very wet weather, heavy rain which is contributing to the state of the roads but our people at ICI accepts that after every heavy down pour that they need to inspect the roads and fix whatever holes there may be.

But I will still ask our people out there when driving on our roads to take extra care particularly in this wet weather for any potholes that might appear after the repairs are done. Thank you for the excellent question.

**MADAM SPEAKER:** Thank you and I see the Honourable Tangata Vavia.

**MR T. VAVIA:** Supplementary question on the roads, Madam Speaker but the question goes to the Minister of Infrastructure Cook Islands.

Could the Minister enlighten this House and the people of this country; is it the inferior content of the material being used on our roads that is why it has always been a problem or is there any other cause? And what are other causes of this?

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

**HON. T. HEATHER:** Thank you for the good question from the Member for Nukuroa, if only he spoke in Maori then I will understand his question properly. It is not just the materials being used on the road, we are aware that in the last 50 years we did not spend much effort on fixing our roads.

There are also more vehicles being brought in to our country over the last 30 years. If only the Government prior to the last ten years has started this project we will be miles ahead.

Therefore this Government have started work on our roads from Harley Street up to Papa Dan's residence. Over the seven years we have engaged in the patching of our roads we do not have any other options but to continue with the patching. I believe this answers the Honourable Members question.

**MADAM SPEAKER:** Thank you I see the Honourable Selina Napa you have the Floor.

**MRS S. NAPA:** My question is to the Minister of Infrastructure Cook Islands. We have witnessed the sealing of the road over and over again but when you actually drive around the island there are some road where there is some digging done from one side of the road to the other side.

Could the Minister, please explain to us what this work is carried out for, is it for the water, the power and who is responsible for resealing the road, and is it the person who required the digging to be done for the water or power to be crossed over, or is there a pool of money paid to, ICI to reseal the road?

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

**HON. T. HEATHER:** This is good question from the Honourable Member Selina Napa. There are two parts to the question that she is asking, there is the part of the contractor to dig for the water and this programme is to connect the water tees that was done by the Chinese on to our local mains.

That part is to be done by the Mato Vai and also the contractor and they will have to seal the part of road that they have dug up. Like what Te Aponga Uira did in Ngatangiaa they resealed the parts of the road that they dug up.

One area that is not clear that need to be worked from the year 1998 to 2000 from Ngatangiaa to Pue and up to 2004 this patch of road where there is work carried out that is dug up from side of the road to the other side and we noticed that the outputs on these works that were carried out by the Chinese we noticed that the water pressure have increased.

At this time we have discovered that the galvanised pipes carrying our water from Ngatangiaa to Pue have rusted and there are some leakages all over the place.

Due to the high pressure going through these water pipes I have received advice from Te Mato Vai and ICI this morning that because of the high pressure there is a need to cut trunk lines across the roads in order to fix the problems. From the years 1998 to 2004 all the water works carried out were done by the previous government but there are problems between the portions of the pipes from one side of the road to the other side.

In providing response to the Honourable Members question we do not have any other options but to dig up the roads from one side to the other in order to address the problems of leakage.

**MADAM SPEAKER:** Thank you I see the Honourable Tamaiva Tuavera.

**MR T. TUAVERA:** Thank you Madam Speaker, my question is directed to the Minister of Finance. This is not a question that requires a long answer.

He has already answered a question I posed to him regarding our public roads in Ngatangiaa. His response to me in this Honourable House is that the delay in the upgrade and tar sealing of our roads is the landowners with lands close to the roads.

I was told by the surveyor of the roads and lands around the roads in Ngatangiaa that he had approached these landowners and there is only one landowner who opposed the road upgrades. This is my request to the Minister and I hope he will not mind me asking this.

If it be possible for a meeting to be called and for a lawyer from the Crown law office to be present at this meeting. One or two representatives from the ICI office to be in this meeting. So, that you do not have to make a response on this matter that it is the landowners that is delaying this project.

**MADAM SPEAKER:** Thank you and I see the Honourable Minister Mark Brown.

**HON. M. BROWN:** Madam Speaker, I point to point of order 94 (b). The Member is making a statement that he cannot substantiate and I never said those statements.

**MADAM SPEAKER:** What statement was that?

**HON M. BROWN:** That I said that landowners were blocking the road from being sealed.

**MADAM SPEAKER:** I see the Honourable Tamaiva Tuavera.

**MR T. TUAVERA:** Madam Speaker if he want us to pull the Hansard out we will do so because that was the reply he gave that it was the landowners that are stopping the roads in Ngatangia being sealed.

**HON. M. BROWN:** I would welcome that because I asked him to substantiate previous Hansard and he never did. And my previous statement relating to the roads in Ngatangia that have not been sealed, we were waiting for the Member of Parliament to call a meeting of his landowners to get consent. I never said that the landowners were blocking the sealing of the road. Thank you Madam Speaker.

**MADAM SPEAKER:** Thank you Honourable Members that completes our question time and we will now go to the orders of the day.

### **ORDERS OF THE DAY.**

Interrupted debate on the Second reading of the Income Tax Amendment Bill 2018. And the last speaker yesterday was the Honourable Ngamau Munokoa, you may have the Floor again.

**MRS N. MUNOKOA:** Kia Orana to you Madam Speaker, your staff and all Honourable Members. Kia Orana to our Prime Minister, Cabinet Ministers and all the Members of the government. Kia Orana to the Leader of the Opposition and all Members of the Opposition including our guests in the public gallery.

Kia Orana to all my people in my constituency of Nikao, our traditional leaders, our religious leader and all the people of the Cook Islands listening in – greetings in the Name of the Lord. Greetings especially to those of our people that are affected by this tax problem.

Madam Speaker I believe this is the last day of parliament and I have an urgent matter to bring before the House especially when there is a lot of talk about roads and other services for the people. Madam Speaker we the women parliamentarians together with yourself travelled to the Solomon Islands and we saw the condition of their

roads. I want to tell our people that our roads are not bad compared to those in the Solomon Islands.

When we were in government Madam Speaker that was a time we failed and we looked for solutions to the problems. We spent years to improve our conditions and we did improve and we did what was best during that time. The leaders in those days endeavoured to do their best. Our leaders strived to do the best for our people from 1965 until 2010. I do not want to hear in this House the discussion as to what did you do when you were in office and we did this when we were government. I am still in this House and I can hear your childish talk.

Many of our leaders have passed away and some are still alive but they strived to do the best for the country when they were leaders of our people. They tried their very best to ensure the welfare of the people are cared for. Our main problem at this time is that some of us have moved inland to the higher lands and started clearing and bulldozing their lands inland. Now the water is streaming down carrying mud and sand and affecting the people and roads near the coast.

It is not a patching of the road that will solve the problem, we need heavy machineries to carve the drainage so that the excess water will flow into the streams and take them down to the lower parts of the island.

We should all work together because one day you will be on this side and we will be on that side to be the leaders of our nation in the future. As we are in the Opposition it is our responsibility to question you intensions and programmes for the people. Even though we can see that everything is alright but we still find ways to question your movements. I would like to ask that we show respect of each other because our days in this life is numbers, here today and gone tomorrow. Let us work together and respect each other.

I have spoken on the tax Bill yesterday so I am not worried about it. Here is another matter I want to speak on. I wanted to stand and speak but because of the time limit I hesitated.

**MADAM SPEAKER:** Let us have some order – please! Thank you.

**MRS N. MUNOKOA:** I have a proposal to the government there are homes on the island that needs urgent repairs maybe you borrow money from BCI to help these poor people. A soft loan to help our people with leaking pipes, and rusted roofs needing repairs. Not only the pipes for running water but also the roofs of their houses where you can see the sky from inside.

Just a little help from the government just like what you offered to the people of Manihiki. A soft loan where the people in need can eventually pay off. That is my thought on that matter.

Just coming back to the tax Bill, the Minister had explained all about the proposed Bill and to me it is alright. We have mentioned about the principle of this tax Bill and my concern is the penalty if that can be taken out.



For me, we pay our tax and the penalty that was imposed on us should be removed. So if we are just doing the same thing over and over again, there is a possibility that we will go bankrupt.

**MADAM SPEAKER:** I see the Honourable James Beer.

**MR J. BEER:** With your indulgence and the leave of Parliament, I would like to move a Motion that:

**The Honourable Member Ngamau Munokoia be permitted extra speaking time**

**MADAM SPEAKER:** I look for a Secunder for the Motion please.

**HON. T. HEATHER:** I strongly support the Motion Madam Speaker and to inform the Opposition side not to ask questions because that is the reason we make comments to them.

**Seconded by the Honourable Teariki Heather**

**MADAM SPEAKER:** The Question is:

**That the Motion be agreed to?**

**Motion agreed to**

**HON. N. MUNOKOA:** Thank you to all Honourable Members for granting me an extension of speaking time and I would like to inform the Members here to ask decent questions and not the wrong one.

Therefore, my view is for us to remove the penalties imposed on the tax so that we will all be equal to those who have honoured their taxes in past. There are many people who try to find ways to settle this problem because if you do not do anything, you will not get what you want. The verse says, if you work hard, you will benefit from your hard work but if you are lazy, that is your own fault.

Madam Speaker, I recall in 2004 when I was Deputy Prime Minister. One day when I returned home, there was a truck at home full of Papa Ngari's water melon and no one wants to go and sell it. That time was half past four on a Friday afternoon. I looked at the truck of water melon and I did not know what to do with it. I drove the truck of water melon right in front of Foodland store and parked there. I did not hesitate because the shop belongs to one of my nephews.

I sold the water melon there and from half past four in the afternoon to six o'clock, Papa Ngari's watermelon was all sold. On Monday of the following week, a Member of Parliament came to see me. This individual was the late Prime Minister of our country, the Sir Geoffrey Henry, KBE. He said to me, "Aunty, you are the Deputy Prime Minister, why did you go and sell watermelon?" You are not only a Member of Parliament but a Deputy Prime Minister and you should not be selling watermelon.

I told him that I did what I did to help my home. That is what happened to me and I was also concern in case something happened to me in Government. So, what I did was, I went in Papa Pai's office and told him what happened and also what Sir Geoff said to me. Papa Pai told me to ignore about Sir Geoff's comments because after working hours is my own time and I was doing a good thing.

So, I would like to advise our people that if you work hard to benefit yourselves, we should continue to work harder and not back off. So, that is my advice to our people Madam Speaker. And also maybe the staff at the Tax Department failed to advise our people earlier what they owe at the Tax Department hence the accumulation of these taxes.

I know some of our children have left to go overseas and I also have a granddaughter who worked at Telecom but she is now overseas. When I was in New Zealand in January this year, my granddaughter received her tax return. I told her although you are now living in New Zealand, when you return to Rarotonga in March, you must go and pay your tax.

We understand that many of our people have migrated to New Zealand and maybe they are one of those who owe taxes that have been removed but to those who owe taxes must make an effort to pay them so that we will not be embarrassed because the tax will always be there.

Finally Madam Speaker, I also have objected on the taxing of the money that is received by the landowners with regards to fees or rental fees on their lands. There are a few of us siblings and three resides in New Zealand. When I examine the land rental fees that we have collected and the payments that was received on these lands, they have lost all their payment entitlement and I do not think that is the right thing to do.

For those of us who are residing in Rarotonga in the Cook Islands, we were not aware that there will be tax deducted from the payments received from land. When I have a look at the entitlement that they have lost, it is equivalent to losing a whole piece of land.

When I look at it, it does not make sense to me. For us who are residing here compared to our family members residing overseas, they have lost a lot because we in this House have agreed to these changes.

Thank you Madam Speaker.

**MADAM SPEAKER:** Thank you and I see the Honourable George Angene.

**MR G. ANGENE:** Thank you again Madam Speaker. Kia Orana to you and your staff members. I extend a very special greeting to our Clerk who is not with us today.

Firstly Madam Speaker, with your indulgence please allow me to say a few words to the people of the Cook Islands especially to the island where I come from and also to the people in my constituency Tupapa.

Firstly, I would like to say Kia Orana and greetings to the people of Manihiki. The reason why I have brought up Manihiki is that there are a lot of people on Rarotonga that is talking about me personally that I am not a Cook Islands Party member. Madam Speaker, as we know likewise my elder brother the Prime Minister Henry Puna, my mother is a Cook Islands Party member because her father being my grandfather is the second Member of Parliament for Manihiki representing the Cook Islands Party. However when I was booted out of my party the Cook Islands Party I placed the letter O in front of the CIP and the letter O signifies OCIP the Original Cook Islands Party and I am it.

I make mention of my friend here Pumati Isaraela. So, there is the answer to the people that are talking about me and may God forgive them of their sins.

I will return to the island of Mangaia where my grandmother Maggie Brown originates from. Greetings to my people of Mangaia even if I do not come to the island I visit the hostel here in Tupapa. My young cousin Mark Brown is in Parliament, our grandparents are siblings. Greetings to the people of Auau Enuu.

Greetings to the people Enuamanu and Nga Pu Toru greetings to you all. Madam Speaker, my genealogy runs to the four corners of this country, north, east, south and west. I stand here, Madam Speaker as the Member for Tupapa Maraerenga Cook Islands Party OCI. I would like to give my regards to the Vakatini Ariki as well as to the head of the village George Matutu and the rest of our title holders in Tupapa and Maraerenga.

I would like to thank you my people for putting your faith in me and having confidence since I joined Parliament up to now.

There has been some talk along the lines that the people have elected a former inmate to their representative in Parliament, that is not a nice thing to say but I am very patient and humbled at this time so that peace is maintained amongst my people.

I would like to express my thanks especially to my friend Wilkie Rasmussen. I would like to make mention of something written in the paper to say that I have never contributed to the people of Tongareva. I would like to thank my friend because in this write up referring to the handing of support to the people of Penrhyn, he does not know that I have contributed to the lives and livelihood of our Penrhyn people who are residing in my electorate.

During the times of Te Maeva Nui in the past I have been one of the contributors into the government funding pools since the time of the CIP all the way up to the OCI. I have presented all my gifts including food and other support to all the various hostels present here in Tupapa Maraerenga area.

Madam Speaker, my greetings go out to the sports bodies in Tupapa Maraerenga, greetings to the youth. My greetings also go out to the Democratic Party in Tupapa Maraerenga. I will not be able to be toppled because the advice of my Papa Eliaba Benioni is that I have been sealed in cement and it is impossible to topple me over. These are the words of the wise people.

I would like to share my special greetings to my Committee especially my Chairman Mrs Kopurei Anguna and the rest of your committee. If there are other organisations being set up at this time special greetings to you all.

Madam Speaker, we have just established a new organisation in our electoral, it is called Night Watch Committee so we have established this and last Monday was the inauguration of this special organisation.

**MADAM SPEAKER:** Honourable Member, I will interrupt you, you have used up half of your speaking time on the Bill and I want you to come back to the Bill. You have spoken for 20 minutes but you have not talked about the Bill please. The same goes to everyone else because as we are talking we are paying five dollars for each minute so the time we have is to talk on the Bill. Please come back to the Bill.

**MR G. ANGENE:** I agree, Madam Speaker. Madam Speaker, some other people spoke and they were given an extension of ten minutes and they did not talk on the subject.

Madam Speaker, I speak here as the Leader of the OCI to talk about the Bill. Our policy set up in our running in this House, the One Cook Islands will strongly support any Bill that is brought into this House. Secondly, the Prime Minister that is currently in the House the OCI will fully support the Prime Minister. So, concerning this Bill as leader of OCI I stand here and support the Bill.

This Bill is not that of the Cook Islands Party it is from the Government of the day. If the next government will be the Opposition that is it I will still support. On this Bill, Madam Speaker concerning tax as tax is an uneasy thing to me but I do believe those involved in working on this tax are well educated and knows what they are doing, I will go along with them because they are certified in this area, however when it comes to doing physical work I am more advanced than them.

So, thank you very much Minister of Finance and to the Government for bringing this Bill I will fully support this and I do believe my friend on my right will support this Bill as well.

Madam Speaker I fully support the Bill and I have six more minutes.

**MADAM SPEAKER:** I will not stop you if you want to use up your left over time.

**MR. G. ANGENE:** I go back to greeting my people in Tupapa. Special greetings to those people who criticised me, jealous of me, who want to bring me down, may the Lord bless you, greetings.

Greetings to my good wife who is referred to as the first lady of Tupapa. People think that first lady is the car no that is the name of the car. To all my children who helped me to clean up Tupapa and to all their friends out there who helped to clean Tupapa greetings.

Madam Speaker and Honourable Members I do not rely on hearsay. I have been doing this work for 8 years now. One of my friends asked me as to how do my numbers got so high and I answered him and told him that I am only using a blower.

To my constituency people if you require assistance in anyway do not be shy my number is 51800 call me and I will see what I can do for you. Madam Speaker my mobile number is an interesting number it means that 51 people do not like or support me and 800 love me very much. I have three minutes left Madam Speaker but I have spoken all that I need to say on this Bill so I will end here. Thank you very much Madam Speaker.

**MADAM SPEAKER:** Now we do have to use our time sensibly, I think 5 minute of greetings is a long time because you know we are paying 5 dollars for every minute and we are here to debate on the Bills and think about it.

Are there any further speakers. I see the Honourable James Beer.

**MR J. BEER:** Thank you Madam Speaker. In this House in 2017, this House passed unanimously the Value Added Tax Amendment Bill and the Income Tax Amendment Bill dealing specifically with just the additional or penalty taxes in relation to our people's tax payer obligations.

It received unanimous support from everyone both in terms of the intention and both in terms of the spirit in terms in trying to help people.

That was 2017 and now in 2018 we see another amendment coming before this House. And I ask myself. What does this Bill hope to achieve? It says it is about writing off all core taxes prior 2010. Provisional tax, value added tax, pay as you earn tax, all taxes.

The government says that this is about forgiving those people who owe this money, it is about helping those who are down trodden, it is about helping those who are finding it difficult to meet those obligations. It also affects Madam Speaker even some Members of Parliament and we have heard already in the last couple of days. I wonder Madam Speaker whether or not those people, those Members of Parliament fit into the same category as down trodden and unable to meet those obligations.

Let us not forget that in 2017 there was valuable assistance provided by this Parliament not just for Members of Parliament but for every single Cook Islander that was facing those difficulties. The government and in particular the Minister says, that some of these tax payers and their concerns go back as far as twenty years.

Some of these tax payers have departed perhaps never to return and many of these tax payers have passed on or died. But the government says and the Income Tax Act says that there is a person within the tax department that has the discretionary powers to be able to deal with this.

That is the responsibility of the tax collector, he has the ability and the authority given to him by an Act to be able to use those discretionary powers to be able to make sure

those areas and those tax payers going back 20 plus years who have either died or passed on or left the country can be written off.

So, why does it require parliament to do the tax collectors job, is there a gap there Madam Speaker that we need to be able to fill. Is there an amendment to that income tax legislation to make sure that the tax collector understands his responsibilities and does so, so those tax payers accounts do not remain on the books.

Perhaps Madam Speaker it requires a fairly stern letter to that gentleman or whoever has that position to do your job and to ensure that by case by case bases as he or she probably does now that certain triggers that allow him to do his job are ensured and given him the opportunity to do so.

It is accepted that in a position where one person is responsible there will be some timidity. There will be some lack of confidence because we live in a small society, it is understandable that there might be some concerns.

My suggestion would be that rather than us come to parliament and to be able to write off these core taxes that an amendment should be made to ensure those tax payers that are no longer involved in the country's economy who are no longer here, who have died or undue stress are given the responsibility by the tax collector on a case by case bases.

**MADAM SPEAKER:** Honourable Member may I please interrupt you. We will come back to you when we return. Parliament is suspended until 3.00 p.m.

**Sitting suspended at 2.28 p.m.**

**Parliament resumed at 3.00 p.m.**

**MR DEPUTY SPEAKER:** Please be seated Honourable Members.

Before we went for lunch, the Honourable Member for Murienua James Beer was on the Floor. You may continue Honourable Member.

**MR J. BEER:** Thank you Deputy Speaker. It is good to see you in the front there by the way.

I left off in my last address talking about a case by case basis in which I feel that when it comes a time for an opportunity for write-off, the vat is a far principle approach than one that is cart lounge in dealing with all tax payers. The reason why I said that Deputy Speaker is because when you cart lounge, which means you take care of everyone, there are some people within that category that do not need the help.

If they have the ability to be able to meet those tax obligations, then let them do so. And for those who cannot meet those obligations based on the situation they face or they are no longer there, that is where the discretionary authority and the tax collector exist.

The Government says that this is a one year in fifty event. But let us remind ourselves that this is probably the seventh time in terms of public announcements and Bill before this House on this very issue.

It is that constant policy change that concerns me and concerns many people of the public. By his own admission, the Minister of Finance said in his statement that many people have come to see me, the obvious answer to that is to refer those to the Act and to the Tax Collector.

It is not that we do not care. We know the hardships that people face. In fact the twelve thousand other tax payers and companies are very much not those tax payers that are having a good. Those same tax payers struggle as we all do to meet those obligations. That is why out of that twelve thousand, perhaps only two or three percent actually do well out of this country's economy.

But when the Minister and the Government says it is a one off event, I get concerned because by their own admission, there are problems and gaps within the Ministry of Finance and Economic Management.

And bringing about a cart lounge write-off all taxes is not the answer because by their own admission, those gaps continue to be there. It is not just a measure of compliance by the tax payer, it is also a measure in some degree in compliance by the Tax Department.

It is true many people have approached even me in relation to their concerns on additional tax and this additional tax accruing over many years without proper notice to the tax payer.

So, are there going to be delinquent tax payers based on that principle? Is that delinquency going to continue? Is there a potential for minimising this delinquency? Yes there is.

That minimisation can be done by making sure the Tax Department has the proper resources to be able to carry out a morale role in dealing with their assessment periods. And if there is a need to be able to write-off taxes, let them be in the category that they require to do so.

It is only fair to all tax payers that that kind of principle is maintained and the responsibility for the tax collector to do his job in relation to those people who cannot pay or for whatever reason is made sure that it is strengthened in the Act. It has to be fair to everyone.

Right now, Deputy Speaker, I would like to touch on a newspaper article in yesterday's paper. On page two, there was a story by the Chamber of Commerce suborning in some respects the core tax write-off. The concern that I have and the dismay that I have is because there has not been enough research into why this happened and how we should go in avoiding it.

The Chamber of Commerce was quick to jump last year when the Opposition and the Democratic Party made mention of the tax amnesty on the additional tax matters. As

long as it was fair they said. Well the tax amnesty of additional taxes is fair and was fair. This core tax write-off is unfair. There are some companies that have the ability to be able to maintain those obligations under the amnesty rules set out in 2017.

**MR DEPUTY SPEAKER:** Your time is up Honourable Member.

I see the Honourable Member for Titikaveka on the Floor.

**MRS S. NAPA:** Deputy Speaker, I would like to move:

**That the Honourable Member James Beer be given  
normal extension of speaking time**

**MR DEPUTY SPEAKER:** I see the Honourable Member for Tamarua

**Seconded by the Honourable Member Tetangi Matapo**

The Motion is:

**That the Motion be agreed to?**

**Motion agreed to**

You may continue Honourable Member James Beer.

**MR J. BEER:** Thank you to my Honourable colleagues and thank you Deputy Speaker.

Deputy Speaker, I want to also give kudos to our Member of Parliament Honourable friend on my left side here, the Honourable Ngamau Munokoa and also to my Honourable Colleague on my right the Honourable Selina Napa. Their particular reference in terms of taxation on the increase of the value added tax is to some extent responsible for what is happening in our society today.

As we recall in 2014 I believe the taxation of Value Added Tax was increased by two and a half percent from 12.5 to 15 percent and the reason why this is an important point is because the reason why businesses and individuals struggle of those 12 thousand is because of the obligations outside of their responsibilities to the Tax Department.

So, the answer is not about trying to write off taxes, it is not about writing off five million dollars of taxes where some of it can be repaid, it is about finding ways in which we can reduce the cost of living both here on Rarotonga and in the Pa Enuu. A systemic problem as has been identified by the Government in relation to the gaps inside the Tax Department cannot be fixed just by a tax write off.

The systemic problems that we see in terms of the obligations of the struggle of people in this country cannot be fixed by a tax write off. It requires better financial management. It requires a Government that understands the costs that people face both here and in the Pa Enuu.



It might not be sexy to reduce taxation, it might not be sexy to find ways in which to reduce the cost of Government but it does work. Because when we see the state of our outer islands Deputy Speaker, we see the levels of depopulation that occur there, we see the lack of doctors and dentists and complaints that come from those people. Can we afford to give away some part of that 5 million dollars? Can we afford to see more people leave this country?

Deputy Speaker, I cannot and I will not support this amendment brought before the House. I cannot in all reasonableness be able to comprehend how financial management works in this particular case.

Deputy Speaker, I have looked at this, I have studied it, and I have consulted widely. It does not make financial or economic sense for us to do this. Because it does not fix the problem. It is far better for the Government to leave the issue in terms of write offs with the Tax Collector.

No one knows this better than he and if he does not know it then we need to tell him because we are not going to support a Bill that undoes the work and responsibilities of a person who has already got that responsibility.

Deputy Speaker, I implore all our rational thinking other Members of Parliament on the other side of this room to seriously consider whether this works for the greater good of the people of the Cook Islands. Ask yourself does this fix the problem. Why has this come from the Government, why has this come from Cabinet, why has not this come from the Tax Department?

It is those areas in which we need to ask ourselves very carefully before you make a decision on this particular Bill.

I say again, Deputy Speaker I hope this is very clear the Opposition Democratic Party will not support this Bill because it makes no financial and no economic sense. It is unfair, it is unprincipled and we believe all of us in this House that the additional tax provisions that was passed in 2017 have merit. Deputy Speaker, to me and to us this one does not, thank you very much.

**MR DEPUTY SPEAKER:** Thank you Honourable Member from Murienua I see the Honourable Albert Nicholas. I will interrupt you, did you speak yesterday?

**HON. A. NICHOLAS:** I rise to seek your indulgence, Deputy Speaker to make a Ministerial Statement.

**MR J. BEER:** Point of Order, Deputy Speaker.

**MR DEPUTY SPEAKER:** A Point of Order has been raised, what is your Point of Order?

**MR J. BEER:** Deputy Speaker, Standing Order 64 has the order of business of any given day it lists the order of business including the order of which Ministerial Statements can be made.

Deputy Speaker, there is a Motion on the Floor right now and it has been seconded and it has been voted on and that is to do with the Income Tax Amendment Bill. There is no way you can have two motions on the Floor at once.

**HON. H. PUNA:** Point of Order, Deputy Speaker.

**MR DEPUTY SPEAKER:** A Point of Order has been raised.

**HON. H. PUNA:** Deputy Speaker, may I draw the Honourable Member's attention and the attention of the bench to Standing Order 88. It appears that the Honourable Member has not read his Standing Orders because Standing Order 88 is very clear.

The debate upon any questions before Parliament may be interrupted by leave of the Speaker to enable a Ministerial Statement to be made.

Deputy Speaker, the provisions of the Standing Order is very clear.

**MR DEPUTY SPEAKER:** Thank you, Prime Minister for the explanation. I am reading Rule 88 and the Prime Minister is correct any debate may be interrupted so I will allow the Minister to continue. I will not agree to the Point of Order. Minister you may proceed.

#### MINISTERIAL STATEMENT

**HON. A. NICHOLAS:** Thank you, Deputy Speaker if it is any comfort to the Honourable Member for Murienua I will make it brief but Deputy Speaker this statement needs to be made as some comments of certain Honourable Members of the House have somewhat confused members of the public.

Not that I am one to be finger pointing to individuals Deputy Speaker but the Honourable Member for Titikaveka made comments which has confused certain members of the public which in turn has made them give me a call and share those concerns.

**MR J. BEER:** Point of Order

**MR DEPUTY SPEAKER:** What is your Point of Order, Honourable Member?

**MR J. BEER:** Deputy Speaker, this is a matter in which he can raise at any time, it is not a Ministerial statement, and it is not a responsibility of his portfolio. He just said people just called him in relation to a matter that she has raised.

**MR DEPUTY SPEAKER:** I will rule the Point of Order out and I will allow the Minister to continue. It is very clear under rule 88. You may carry on Honourable Minister.

**HON. A. NICHOLAS:** In the context of a Ministerial Statement is not charged by any other Member, Deputy Speaker other than the Minister himself.

Deputy Speaker the comments that were made pointed in the direction that the hardship policy within Internal Affairs did not function no longer. There are many programmes within Internal Affairs that are legislated and are policy driven as well.

One has to qualify under the legislation and under the policy to qualify for those benefits. Be it hardship assistance, old age pension, child benefit, disability pension and so forth. One has to qualify within the law and within the policy framework of that particular programme.

Such as the programme that was referred to yesterday by the Honourable Member from Titikaveka hence the elderly couple did not qualify for that programme. The policy is still intact within the Ministry but one has to meet the criteria and I believe from the information that I have received that this couple did not qualify within the criteria.

This brings me to the reasons that it is very important that I stand before this House and make this statement. These legislative commitments or policy commitments can only be change by this Honourable House especially the legislative side of these policies.

If Honourable Members of this House feel that there are issues with these programmes there is nothing stopping any Member of this House by running a support programme for any change concerning these programmes within Internal Affairs. But it requires the Honourable Members of this House to be proactive before any movement at Cabinet or Ministerial level.

The mentality of the pass is to just go to the Minister and the Minister will make the change is somewhat a thing of the pass. And I bring an example to our sitting of parliament early last year, where an Honourable Member of the Opposition requested a change to a particular law.

Upon bringing it to this House he did not support it. So the guts of what I am trying to say Deputy Speaker is Members of Parliament in the Opposition get up and do the work that you are paid for by the tax payers to do. Thank you.

**MR DEPUTY SPEAKER:** Thank you to the Honourable Member of Avatiu. I see the Honourable Member for Murienua.

**MR J. BEER:** Thank you Deputy Speaker. May I move:

**That pursuant to Standing Order 89, a Motion without notice to  
debate the Honourable Ministers latest Ministerial Statement**

**MR DEPUTY SPEAKER:** I call for a Secunder.

**Seconded by the Leader of the Opposition the  
Honourable William Heather Jnr**

**MR J. BEER:** Deputy Speaker may I speak on the Motion before you put the Question.

**MR DEPUTY SPEAKER:** I like to speak on this Motion that you have put forward because you did ask the Minister for permission to debate on it before he agrees for this statement to be debated. Because the Standing Order you named states that the consent of the Minister has to be obtained.

**MR J. BEER:** Deputy Speaker can I assist in this particular matter. It says no debate on a Ministerial Statement shall be permitted at the time when it is made except by Motion of Parliament moved without notice or by consent of the Minister.

**MR DEPUTY SPEAKER:** Thank you, I think the best thing for us to do is to put the Motion to a vote. The Motion has already been seconded by the Leader of the Opposition.

The Question is:

**That the Motion be agreed to?**

I am unsure of the number of voting by the House. I see the Honourable Member for Tupapa on the Floor.

**MR G. ANGENE:** Deputy Speaker, because of the uncertainty of the count of votes, I would like to propose that a division be called on this Motion.

**MR DEPUTY SPEAKER:** Thank you Honourable Member for Tupapa.

We will vote again on this Motion. I would like to ask that the Honourable Members to stand when voting on the Motion and that you remain standing for two minutes or when the bell is rung then you can sit down.

Those in favour of the Motion please stand?

For the Motion:

1. Mrs Tetangi Matapo
2. Mr Tangata Vavia
3. Mrs Selina Napa
4. Mr Tama Tuavera
5. Honourable William Heather Junior
6. Mr James Beer
7. Mrs Ngamau Munokoa
8. Mr Wesley Kareroa

Those against the Motion please stand?

Against the Motion:

1. Mr George Angene
2. Mr Pumati Iseraela
3. Mr Toka Hagai
4. Mr Toa Isamaela
5. Mrs Rose Toki-Brown
6. Mr Tai Tura

7. Mr Tekii Lazaro
8. Mr Willie John
9. Honourable Albert Nicholas
10. Honourable Kiriau Turepu
11. Honourable Nandi Glassie
12. Honourable Mark Brown
13. Honourable Teariki Heather
14. Honourable Henry Puna

This is our result for the Motion, those in favour of the Motion 8 and those who oppose the Motion 14.

Therefore the Motion is defeated and the no's have it.

*(For the record – Mr Mona Ioane did not vote as he was presiding)*

Absent:

Mr Tony Armstrong - referral overseas

**MR DEPUTY SPEAKER:** We will now come back to the debate on our Bill. I recognise the Honourable Member James Beer, you have the Floor.

**MR J. BEER:** Thank you Mr Deputy Speaker. I move:

**That the Statement made by the Minister be printed and layed  
on the Table for Papers for Consideration**

*(For the record, there was no physical Ministerial Statement tabled by the  
Minister Honourable Albert Nicholas)*

**MR DEPUTY SPEAKER:** Do we have a Seconder to the Motion?

**Seconded by the Honourable Albert Nicholas**

The Question is:

**That the Motion be agreed to?**

**Motion agreed to**

If there are no further speakers, I will ask the Minister to conclude the debate for our Bill. I recognise the Honourable Prime Minister on the Floor.

**HON. H. PUNA:** Deputy Speaker I will make way and give the Floor to the Honourable Member for Ngatangia. I believe he will not be long.

**MR T. TUAVERA:** Thank you Deputy Speaker and thank you to the Honourable Prime Minister for giving me this opportunity.

First, I would like to express my views on the Bill before us. I want to object this Bill before us and perhaps we have not heard properly all the views that has been expressed by our people in regards to this Income Tax Amendment Bill.

I was surprised because one of the people in that letter in a prominent CIP supporter. That is why I picked up on that little bit of detail in support of what I am going to say.

All the Members of the Government side stood up and said that this Bill brought before the House is of benefit to all the people of the Cook Islands. I do not dispute that fact because the tax payment always affects our pockets when it comes to the 20<sup>th</sup> of the month.

On the 20<sup>th</sup> of each month all of us who are business owners and others who pay this tax will have to collect and put aside some savings so that we have enough money because on the 20<sup>th</sup> of the month we have to front up at the tax office to pay our tax.

We also should not forget our workers and employees because we also have to pay them their wages as well as on top of that, we also have to buy all the things necessary to maintain our businesses.

I am viewing this Bill today, the Bill is to write off the wrong that is already done. I am pleased to hear the comments made by the Minister of Finance about the people who have departed our shores for other places and maybe those people have left because of this problem with the tax payment.

I met two of these people who told me that this tax amnesty came too late for them because they have decided to stay on in New Zealand. But the only difficulty that I find is whether they still owe money to the Tax Department.

One of the things that I would like to highlight due to the comments by the Honourable Member for Mitiaro, Tangata Vavia is his request to the Minister of Finance to disclose the names of the people who are on the list of amnesty and those who had tax cuts as a result of the amnesty.

At the same time he said, okay forget about it Minister of Finance because a lot of Members of Government did not pay attention to what the Honourable Member for Mitiaro actually said.

So the question is, who really will benefit from this core tax cut out? Because if we study the numbers, we will find that around 1063 are our people. I am happy that these people were able to be assisted but on the business side it does not help the business at all.

When you run a business and when you are on the back foot you will always be on the back foot because if you get a core tax cut like this, you are still in the red. Because if you run a successful business there is always other avenues to spend the money you think you just saved from your tax.

Previous Governments decided at one time or the other that they will hold the passports so that people that owe money to the Tax Department cannot leave the country. And at one stage, bank accounts were raided.

Yesterday, I was at the rugby field and this mother came on the motorbike to meet with me and she showed me two bank books. She told me the bank book which belongs to the Bank of the Cook Islands and she was informed that this tax was deducted on the savings that she and her daughter accumulated.

I forgot to ask the Honourable Minister of Finance whether this is actually a tax or an interest deduction by the bank itself. If it is the Withholding Tax then, tax is tax because you are still losing that money to the Tax Department.

It is very sad about this mother because she works in the hotel and her daughter is engaged in part time work but she is still a student at Tereora College and this money that belong to her she has banked it into the bank but is still being taxed.

Therefore, I will go back and meet with this mother and explain to her exactly what is happening to the money in the bank.

Deputy Speaker, as I promised I would not take up much of your time but be it known that I do oppose the Income Tax Amendment Bill. Thank you.

**MR DEPUTY SPEAKER:** Thank you Honourable Member for Ngatangia. I see the Prime Minister you have the Floor.

**HON. H. PUNA:** Thank you, Deputy Speaker, a special greetings to you, to the Honourable Members and those who are listening in to our broadcast today.

Please with your indulgence can I just request a few minutes to give my regards to my people? I would like to express my special wishes to all the people of my island of Manihiki, to the Island Government, to the Council Members, to the Leaders of the Churches, to all the members of the Churches on the island and also special greetings to the Infrastructure Cook Islands workers who are based there in Tauhunu at this time.

Deputy Speaker, I would like to acknowledge all the views the various views that have been presented to this House because that is the reason we are here to express all the various views. But as I sit here to listen to the debate I believe that we have lost track of the actual spirit and values of the Bill.

We have slipped on the concept whether this tax is fair or not and yet the Honourable Minister of Finance in tabling this Bill into this House he has explained the values behind this amendment Bill.

This waiving is not for every year, it is not. This is not for a time where the Government thinks they will do it. We have disregarded the key principle and value of this Bill which is the jubilee concept for this nation.

I believe that as we grew up in our various households we have been taught by our parents on the various conventions that applies in this nation of ours. That is why I am very surprised at the views of some Members of this House in diverting so far away from the principles and the values of this Bill.

Honourable Members, members of our country this Bill there is no other spirit behind it. It is just the key concept of our jubilee celebrations that is why we are bringing this Bill into this House. The key concept is to forgive and to restore, there is no other reasons underlying these messages.

We are not putting money into some pockets and we are providing something way better than that which is forgiveness. I do believe that all of us in this Honourable House we are all Christians and this is the value and spirit of this Bill. This has nothing to do with politics.

This is all about doing the right thing by our people in celebrating our first 50 years as a nation. Of course this is very difficult for anybody to do. It is difficult because there are others who are very compliant with the laws of this country who might take exception to this.

That is understandable and Deputy Speaker, that is appreciated too. But if we remain on the key concept which is forgiveness we can never go wrong and we will not be able to address these issues from wayward directions.

Therefore, I will base my comments and concluding remarks on this Bill from the principles in the Scriptures because this is the foundation of this amendment Bill. If we started looking and nit picking we will go wrong.

Just like the Honourable Member of Mitiaro trying to insinuate in his previous statements he would like to know, who are the Members in this House on this list of waivers. I would like to request that we do not move that way but to give our views based on the key spirit and value of this amendment Bill.

And the key scriptures ask why did Jesus come to this world? We all know the answer to that. He did not come for the righteous he came for the weakness and the sinners. Let us not forget this important teaching.

In addition we also understand the parable of the Prodigal Son. He went and he wasted and squandered all the riches that his father bestowed upon him and yet he ended up in a pig sty and yet he did not remember his home. But when it was time he returned and also apologised.

So, what did we find when he returned home. He was still afar and his father went ahead to embrace him and welcome him back. That is the spirit of this legislation and this is the spirit we should be embracing.

So, therefore Honourable Members, people of the Cook Islands, it takes a lot of courage to bring something like this before our people but never forget we only celebrate our jubilee every 50 years.



We are very fortunate that this incident take place when we are in this House. This is the first time that we have the opportunity to debate a recommendation of this nature. This is something that will have an impact on all our people.

I truly believe that we will be leaving behind a huge legacy for our nation in what we are debating today. We will not be here when the next jubilee of 50 years come around and the DPM says he will still be here. I am going to ask him what his secret is.

We have an opportunity to leave an important legacy for our people for now and the future and I truly believe that we are doing now will become a great example for those governments that will follow after us for the future governance of our nation. Therefore, we should not be engaging in criticisms.

I am aware that the majority of us are paying our taxes but we should not take this an opportunity to criticise those who are less fortunate than ourselves. We need our Christian spirit and values to embrace and assist those who are not fortunate.

I would like to close off my presentation with these two verses. Colossians 3:13 “Bear with each other and forgive one another, if any of you have a grievance against someone forgive as the Lord forgives you.”

Further support on this thought is Ephesians 4:32 “Be kind and compassionate to one another forgiving each other as in Christ God forgave you.”

If we can embrace these lessons from the Scriptures we cannot go wrong. And Deputy Speaker in closing I want to quote a famous saying, “a society can only be as strong as its weakest member”.

I believe we have a compassionate society and we look out for the weak ones in our society. We should not look at the small speck in the eyes of our neighbour and the next moment you find a big log in your own eyes.

This is enough, Deputy Speaker and thank you.

**MR DEPUTY SPEAKER:** Thank you Honourable Prime Minister. I now see the Minister of Finance and you have the Floor.

**HON. M. BROWN:** Thank you Deputy Speaker and thank you also to our Members of Parliament who have put forward their views towards this amendment that is before us on the Income Tax Amendment Bill.

And in listening carefully to the comments from the Members of the Opposition it is clear that their support is there for the waiver of the additional tax, however the support is not there for the waiver of the core tax. And I can understand that that would be their initial reaction without having I guess the benefit of the full story behind it.

So, allow me a little time to maybe explain a little more about the actual core tax that will be forgiven in the amendments. And a lot of it as I am hearing does go back to

the performance, the debt management of our tax arrears that have been accumulating for a lot of years.

Which is why we have increase resources and improved systems to ensure that compliance and notification are done in a much more effective and efficient way then they were in the past.

And I can assure the Members of the House and our people listening in that this amendment for both the Income Tax and also the amendment for the Value Added Tax is the most efficient way to tidy up the affairs of our tax arrears. So, all taxes prior to 2010 that are owing will be waived and this totals to nearly \$19million in tax.

And of this nearly \$14million is in additional taxes and a small proportion of \$5million is regarded as core tax. And as rightly pointed out a lot of this tax is probably considered as unrecoverable and I have stated those earlier on in my previous statement.

The focus of the tax department will be from 2010 moving forward to the current time of which we have \$20million of tax to collect in arrears. The difference in this amount of arrears with the more recent arrears is that nearly \$15million is core tax and only \$5million is additional tax.

So, this is the opportunity for both tax payers and also for the tax department to concentrate their resources and efforts on insuring that we collect the more recent \$20million in tax arrears.

And this Deputy Speaker will put many of our people back on a good footing and will put the tax department in a much, much better position. Because it is clear that under the current legislation that the accumulation of these old penalties old tax arrears that the discretionary power afforded to the Collector has not worked in trying to clear these arrears.

And there is a time when the government must step in and seek the support of parliament in making the bold decisions to address those concerns.

I find it amusing Deputy Speaker that the Opposition Members have totally provided a 180 degree view on an exact position that we had in regards to tax that was taken from New Zealand pensioners. At the time the Collector of customs and revenues took the decision to take tax arrears owing by New Zealand pensioners.

The government did not agree with this so we took the appropriate steps which required legislative changes in parliament to return those monies.

And these were not penalties Deputy Speakers these were core tax obligations of these New Zealand pensioners. Therefore, when it comes to this particular amendment where we look to forgive the tax of other Cook Islanders the Opposition has a totally opposite view and are saying no, those people should be made to pay and of course we know that if these people cannot pay they will be prosecuted and that is what their position is.

The business people in the Opposition bench Deputy Speaker have spoken of the hard work and the efforts that they have put in to build up their businesses and they know how hard it is to run business here. And yet they have no sympathy for their fellow man who falls in the struggle with their business.

The words that came out of their mouth we do not support this Bill. This Bill which is to help our people, they do not support. This is the difference between the family of love and that of the Opposition.

The question is about the people who are doing alright are they going to receive money in their pocket over and above what they already have. I have not heard one question from the other side what are we going to do with those who are struggling? Other than make them pay. Disgraceful.

We are in a very good position Deputy Speaker as a country and an economy and as a government to be able to do many things such as grow the economy and help those who are struggling.

We have had situations where the Oppositions has supported amendments exactly like this which gives back tax to the elderly. Yet they do not see the same spirit in waiving the arrears of those who are suffering. I am please Deputy Speaker that we are positioning our tax department at the RMD to be able to provide more efficient service to our tax payers both the compliant tax payers and those delinquent tax payers.

And we have seen the importance and the effectiveness Deputy Speaker of the face to face approach that we have seen been undertaken during this amnesty period. And we will be looking to increase that engagement with all of our Cook Islands people from the RMD of the Ministry of Finance.

It is to be expected Mr Deputy Speaker that by forgiving the old arrears that exist now we can concentrate more effort on the more recent arrears. It is to be expected that these more recent arrears Mr Deputy Speaker would have more recent information to compile their annual returns and the financial statements required to assess the tax owing on these more recent arrears.

And the expectation of the Government moving forward Mr Deputy Speaker is that not only will we reduce the tax arrears from this period moving forward but that we will also have a much higher compliance in meeting tax obligations by our Cook Islands people.

As I mentioned earlier, the vast majority of our tax payers Mr Deputy Speaker do not owe large amount of money. They do not need specialist tax lawyers or accountants. They just need a polite and understanding tax advisor and an easier and simplified system of being able to meet their tax obligations.

As I pointed out earlier Mr Deputy Speaker there are two key clauses in this particular amendment that will affect this particular Bill. The key aspects of the clauses, the first one is that it puts a closing date on the amnesty which would be the 31<sup>st</sup> of March

2018. And the second one s that it provides for the forgiveness of tax arrears from the period prior to the 1<sup>st</sup> of January 2010.

There is an additional clause in the amendment which refers to provisional tax Mr Deputy Speaker and it is basically a re-written clause which allows for more clarity around the definition of when provisional tax will apply to individuals.

These are very simple and straight forward clauses within this amendment Mr Deputy Speaker and I trust that the Members are very clear on what these clauses exactly entail after hearing the debates on the merits of the Bill.

I leave the Bill now in your capable hands Mr Deputy Speaker for its next step.

**MR DEPUTY SPEAKER:** Thank you Honourable Minister.

I will put the Question. The Question is:

**That the Income Tax Amendment Bill 2018 be now read a Second time?**

**Motion agreed to**

**DEPUTY CLERK AT THE TABLE:** A Bill Intituled: An Act to:

- (a) Provide that the option to apply for relief from additional tax, as provided in the Income Tax Amendment Act 2017, ends on 31 March 2018; and
- (b) Provide relief from liability for tax under the Income Tax Act 1997 payable in respect of periods ending before 1 January 2010; and
- (c) Recast section 175 of the Income Tax Act 1997 to clarify its intention”.

**BILL READ A SECOND TIME**

**MR DEPUTY SPEAKER:** I now resolve Parliament into the Committee of the Whole House to go through the clauses of the Bill.

**COMMITTEE OF THE WHOLE**

**MR DEPUTY CHAIRMAN:** Honourable Members we will now go through the Income Tax Amendment Bill 2018 by clauses commencing from Clause 1 to Clause 6.

Clause 1: Short Title

The Question is:

**That Clause 1 stands part of the Bill?**

**Motion agreed to**

Clause 2: Commencement

The Question is:

**That Clause 2 stands part of the Bill?**

**Motion agreed to**

Clause 3: Principal Act Amended

The Question is:

**That Clause 3 stands part of the Bill?**

**Motion agreed to**

Clause 4: New Section 175 substituted

The Question is:

**That Clause 4 stands part of the Bill?**

**Motion agreed to**

Clause 5: Section 204 amended

The Question is:

**That Clause 5 stands part of the Bill?**

**Motion agreed to**

Clause 6: New Section 205 (a) inserted

The Question is:

**That Clause 6 stands part of the Bill?**

**Motion agreed to**

Long Title: A Bill Intituled: An Act to:

- (a) Provide that the option to apply for relief from additional tax, as provided in the Income Tax Amendment Act 2017, ends on 31 March 2018; and
- (b) Provide relief from liability for tax under the Income Tax Act 1997 payable in respect of periods ending before 1 January 2010; and
- (c) Recast section 175 of the Income Tax Act 1997 to clarify its intention”.

The Question is:

**That the Long Title stands part of the Bill?**

**Motion agreed to**

The Question is:

**That the Bill be reported to Parliament without amendments?**

**Motion agreed to**

Parliament is now resumed.

I now call upon the Minister responsible of the Bill to report the progress of the Bill to Parliament.

**HON. M. BROWN:** Thank you Mr Deputy Speaker. I would like to report:

**That the Income Tax Amendment Bill has moved through the Committee Stage without amendments**

**MR DEPUTY SPEAKER:** The Question is:

**That the Report be adopted?**

**Motion agreed to**

**ORDERS OF THE DAY**

Third reading on the Income Tax Amendment Bill 2018. I call upon the Minister Responsible for the Bill to move for the Third reading of the Income Tax Amendment Bill 2018.

**HON. M. BROWN:** Thank you Mr Deputy Speaker. I now move:

**That the Income Tax Amendment Bill 2018 be now read a Third time**

**MR DEPUTY SPEAKER:** Thank you Honourable Minister may I call for a Secunder.

**Seconded by the Deputy Prime Minister Honourable Teariki Heather**

I will now put the Question. The Question is:

**That the Bill be now read a Third time?**

**Motion agreed to.**

**DEPUTY CLERK AT THE TABLE:** A Bill Intituled an Act to:

- (a) Provide that the option to apply for relief from additional tax as provided in the Income Tax Amendment Act 2017 ends on 31<sup>st</sup> March 2018, and
- (b) Provide relief from liability for tax under the Income Tax Act 1997 payable in respect of periods ending before 1<sup>st</sup> January 2010, and
- (c) Regard Section 175 of the Income Tax Act 1997 to clarify its intention.

**BILL READ A THIRD TIME**

**MR DEPUTY SPEAKER:** Honourable Members, that completes the First, Second and Third reading of the Income Tax Amendment Bill 2018. If I may call for the Prime Minister.

**HON. H. PUNA:** Thank you, Deputy Speaker. Deputy Speaker before I move a motion I just want to remind Honourable Members that yesterday I spoke about the need for us to adjourn after today's sitting because of the radiothon appeal that is coming up tomorrow.

Then on Friday two of our Honourable Members are committed to travel out of the country and there is one urgent legislation that has been tabled already and that is the sister amendment to the Income Tax Amendment Bill we have just passed and that is the VAT Amendment Bill.

Deputy Speaker, these Bills are identical and of course opportunity will be given to our Opposition Members to speak to it. If they wanted to but it is important that we pass this Amendment Bill through all its stages before we rise tonight.

Given that all Members have spoken extensively on the legislation we have just passed I rather anticipate that the passage of this Bill will be swift.

In line with that Deputy Speaker, and with the indulgence of Parliament I rise to move:

**That this Sitting be extended until the VAT Amendment Bill has been passed through its stages tonight**

That is the Motion, Deputy Speaker, thank you.

**MR DEPUTY SPEAKER:** I call for a Secunder to the motion.

**Secinded by the Deputy Prime Minister Honourable Teariki Heather**

I will now put the Question before the House. The Question is:

**That the Motion be agreed to?**

**Motion agreed to**

We are now back to Orders of the Day.

**ORDERS OF THE DAY**

Orders of the Day is the Second reading of the Value Added Tax Amendment Bill 2018. I call on the Honourable Minister of Finance to move the Motion for the Second reading of the Bill.

**HON. M. BROWN:** Thank you, Mr Deputy Speaker. I move:

**That the Value Added Tax Amendment Bill 2018 be  
now read a Second time**

I will now speak to the principles and merits of this particular amendment Bill.

As alluded to earlier by the Prime Minister this is the companion Bill to the recently passed Income Tax Amendment Bill and it allows for exactly the same amnesty provisions and forgiveness under the VAT legislation that is applied now to the Income Tax legislation.

The key clauses in these particular amendments, Mr Deputy Speaker where there are similarities to the Income Tax Amendment are Clause 5 which refers to the ending of the amnesty period on 31<sup>st</sup> of March this year.

Clause 6 which refers to the relief or the forgiveness of any VAT from the period prior to the 1<sup>st</sup> January 2010.

Clause 7, Mr Deputy Speaker refers to the need for people to submit the VAT forms which they are required to submit currently and it renders that requirement to submit forms no longer required for anything prior to January 2010.

Clause 4, Mr Deputy Speaker is an additional clause that has been added into this particular amendment and this provides a measure of discretion Mr Deputy Speaker to the Collector of Revenue to allow for the late payment of VAT, if in his opinion that there was no wilful neglect or default in meeting the actual deadlines.

It provides this discretionary ability to the Collector Mr Deputy Speaker because under the current legislation if your payment is late you are automatically penalised regardless of whether your lateness was justified or not.

So, this amendment, Mr Deputy Speaker provides a measure of mercy to our people to be able to claim for justifiable reasons some relief against penalty if they are late in the assessment of their VAT. The Collector can then set a date when that VAT payment is due if he is satisfied that there are reasonable and justified reasons for your not meeting the 20<sup>th</sup> of the month deadline.

Another small example Deputy Speaker of the measure of forgiveness and discretion that our tax collector will now have as a result of our discussions on these amendments that are before us.

Again Deputy Speaker there is not much more to add without repeating what is already been repeated under the Income Tax amendment discussions and debates aside from clause 4 which gives a slight discretion to the Collector, clause 5, 6 and 7 all relates to the aspect of the amnesty that we have fully discussed during the Income Tax amendment debate.

Therefore, in the interest of allowing the Members to have their say on this particular amendment Deputy Speaker I will end my contributions to the principles and merits of the VAT amendment and leave the Floor to you.



**MR DEPUTY SPEAKER:** Thank you Honourable Minister. May I ask for a Seconder?

**Seconded by the Deputy Prime Minister Honourable Teariki Heather**

**HON. T. HEATHER:** I would like to speak on the principles and merits of the VAT amendment Bill.

**MR DEPUTY SPEAKER:** The Floor is yours Honourable Deputy Prime Minister.

**HON T. HEATHER:** The Bible says, “There is joy in heaven over one sinner who repents his sin.” Let this be the guiding thought for all the Members of this House as we discuss this Bill.

I believe the Minister Mark Brown has disclosed very useful information regarding the Bill and this should help Members decide to support the Bill, especially concerning Clause 4 giving authority to the head of the Inland Revenue.

Therefore I strongly, support this VAT amendment Bill in the spirit of forgiveness. Thank you.

**MR DEPUTY SPEAKER:** I see the Honourable James Beer, you have the Floor.

**MR J. BEER:** Thank you, Mr Deputy Speaker. We forgive the government for this particular Bill. But I do not believe that the voters of this country are going to be as forgiving as us.

Deputy Speaker my apologies it is with the same spirit of which we spoke about originally and I speak for the rest of my colleagues but I stand to be corrected if anyone else wishes to speak on it.

There are some aspects of the Value Added Tax Amendment Bill that have some semblance of good will but the overriding Value Added Tax Amendment Bill is to do away with those core VAT taxes.

Although in some aspects are okay my position remains the same we cannot possible support the Value Added Tax Amendment Bill as it sits now. Mr Deputy Speaker my speech is brief, the point has been made. Thank you.

**MR DEPUTY SPEAKER:** Thank you Honourable Member. If there are no other speakers. I see the Honourable Tangata Vavia and you have the Floor.

**MR T. VAVIA:** Thank you Deputy Speaker. Forgiveness is not in my book in this House because not knowing who these thousand odd people are. I am sure that one of them or quite a few of them have assets that they have bought over that time but forgot or did not want to pay the taxes.

How can you justify giving an amnesty when just lumping everybody together and say okay go home you are forgiven. Not until the Minister of Finance and the Prime

Minister tells this House that nobody have any assets over those years that we are forgiving them for their taxes.

So, that is my additional talk towards the VAT Amendment Bill. That is where my continuing concern will be even if this Bill is passed today or later on. Because if some of those people have assets existing today and yet they have not paid their VAT, what fairness is that to those who have every month paid there tax.

On that case Deputy Speaker I rest my case. Thank you.

**MR DEPUTY SPEAKER:** Thank you Honourable Member if I may call on the Minister responsible for the Bill to conclude the discussion.

**HON. H. PUNA:** Deputy Speaker, if I can just have the Floor for a short while.

**MR DEPUTY SPEAKER:** I recognise the Honourable Prime Minister, you have the Floor.

**HON. H. PUNA:** Thank you very much. I just want to make some comments on some of the comments made by the Honourable Member for Murienua, James Beer.

He made great play of the fact that the law gives the discretion and the authority to the Collector of Customs and government should not interfere with that. I agree with that position however these amendments have more to do with the spirit of jubilee than with interfering with the administration of our tax systems.

But that comment by the Honourable Member revived the memory that I think ought to be clarified and cleared up with our people and with the Honourable Members of this House.

You see when this particular incident which I will mention later on, happened I was expecting the Honourable Member to get up and defend me and the Minister of Finance against allegations that we were the ones that raided the pensioner's bank accounts here in Rarotonga.

Because if you really believe in what he was saying before, he should have jumped to our defence but he did not nor any of the Opposition Members.

In fact, they all joined the same chorus blaming the Prime Minister and the Minister of Finance and government for raiding the pensioner's bank accounts here in Rarotonga. That was absolutely untrue.

And that is why I said I was surprised with what the Honourable Member said today, but he never got up and went against the popular chorus at the time, that no the Prime Minister or the Minister of Finance had nothing to do with raiding the pensioner's bank accounts.

So, there is a bit of double standard there Deputy Speaker. But I wanted our people out there listening in to know that I or the Minister of Finance had absolutely nothing to do with raiding the pensioner's bank accounts.

We said so at the time but nobody wanted to listen it was more convenient for them to blame me and the Minister of Finance and Cabinet.

The rest of the truth is this Deputy Speaker, immediately that happened we had a meeting in Cabinet where we were absolutely briefed with what had happened. And clear directives were issued to the appropriate officials to find a lawful way to have those monies reinstated into the pensioner's bank accounts and like everything else it took quite a while but it did happen in the end.

Thank you Deputy Speaker I just thought I would use this opportunity to clear up this miss understanding that has been perpetuated and encouraged. Thank you very much.

**MR DEPUTY SPEAKER:** I recognise on the Floor the Honourable Minister of Finance.

**HON. M. BROWN:** Thank you very much Mr Deputy Speaker and thank you very much to the Members of the Opposition for their support and their statements in seeing the facilitation of this amendment through the House this evening.

I know it is their job to hold the Government, it is their job to critique everything that comes before them and it is their job to oppose.

So, in this spirit that is now before the House I give thanks to the Members for their brief comments in support of this particular amendment Bill, thank you Mr Deputy Speaker.

**MR DEPUTY SPEAKER:** Thank you Minister of Finance. I will put the Question.

The Question is:

**That the Value Added Tax Amendment Bill 2018  
be now read a Second time?**

**Motion agreed to**

**DEPUTY CLERK AT THE TABLE:** A Bill Intituled: An Act to:

- (a) Provide that the option to apply for relief from additional tax, as provided in the Value Added Tax Amendment Act 2017, ends on 31 March 2018; and
- (b) Provide relief from liability for Value Added Tax in respect of periods ending before 1 January 2010; and
- (c) Make two minor amendments to the Value Added Tax Act 1997

**BILL READ A SECOND TIME**

**MR DEPUTY SPEAKER:** I now resolve Parliament into the Committee of the Whole House to go through the clauses of the Bill.

**COMMITTEE OF THE WHOLE HOUSE**

Honourable Members we will go through the Value Added Tax Amendment Bill 2018 by Clauses commencing ..... (*power outage*)

**Parliament interrupted due to sudden power cut**

**Parliament resume after electricity power failure**

**COMMITTEE OF THE WHOLE HOUSE**

**MR DEPUTY CHAIRMAN:** Before our meeting was suspended, we were in the Committee Stage. We were about to commence going through the Clauses of the Bill from Clause 1 to Clause 7.

Clause 1: Short Title

The Question is:

**That Clause 1 stands part of the Bill?**

**Motion agreed to**

Clause 2: Commencement.

The Question is:

**That Clause 2 stands part of the Bill?**

**Motion agreed to**

Clause 3: Principal Act Amended.

The Question is:

**That Clause 3 stands part of the Bill?**

**Motion agreed to**

Clause 4: Section 21 Amended.

The Question is:

**That Clause 4 stands part of the Bill?**

**Motion agreed to**

Clause 5: Section 32 (a) Amended.

The Question is:

**That Clause 5 stands part of the Bill?**

**Motion agreed to**

Clause 6: New Section 32 (c) Inserted.

The Question is:

**That Clause 6 stands part of the Bill?****Motion agreed to**

Clause 7: Schedule 2 Amended.

The Question is:

**That Clause 7 stands part of the Bill?****Motion agreed to**

Long Title: A Bill Intituled: An Act to (a) provide that the option to apply for relief from additional tax as provided in the Value Added Tax Amendment Act 2017 ends on the 31<sup>st</sup> March 2018 and (b) provide relief from liability to pay Value Added Tax in respect of periods ending before 1<sup>st</sup> January 2010 and (c) make two minor amendments to the Value Added Tax Act 1997.

The Question is:

**That the Long Title stands part of the Bill?****Motion agreed to**

The Question is:

**That the Bill be reported to Parliament without amendments****Motion agreed to**

Parliament is now resumed.

**MR DEPUTY SPEAKER:** I now call upon the Minister Responsible to report the progress of the Bill to Parliament.

**HON. M BROWN:** I wish to report:

**That the Value Added Tax Amendment Bill 2018 has passed through the Committee Stage without amendments**

**MR DEPUTY SPEAKER:** Thank you Honourable Minister. The Question is:

**That the Report be adopted?**

**Motion agreed to****ORDERS OF THE DAY**

Third Reading of the Value Added Tax Amendment Bill 2018.

I now call upon the Minister Responsible for the Bill to move the Third reading of the Value Added Tax Amendment Bill 2018.

I see the Minister of Finance.

**HON. M BROWN:** Thank you, Mr Deputy Speaker. I move:

**That the Value Added Tax Amendment Bill 2018 be now read a Third time**

**MR DEPUTY SPEAKER:** Thank you, Honourable Minister. Can I call for a Secunder to the Motion?

**Seconded by the Deputy Prime Minister Honourable Teariki Heather**

I will now put the Question. The Question is:

**That the Bill be now read a Third time?****Motion agreed to**

**DEPUTY CLERK AT THE TABLE:** A Bill Intituled. An Act to:

- (a) Provide that the option to apply for relief from additional tax as provided in the Value Added Tax Amendment Act 2017 ends on 31<sup>st</sup> March 2018, and
- (b) Provide relief from liability to pay Value Added Tax in respect of periods ending before 1<sup>st</sup> January 2010, and
- (c) Make two minor amendments to the Value Added Tax Act 1997

**BILL READ A THIRD TIME**

**MR DEPUTY SPEAKER:** Honourable Members, that completes the First, Second and the Third reading of the Value Added Tax Amendment Bill 2018.

If I may call the Leader of the House to move a motion.

**MR W. JOHN:** Deputy Speaker, and all of us, we have had a long day and we have come to the end of our discussions and praise God for what we have done in this House of Parliament. I stand Deputy Speaker to move a Motion:

**That this House adjourn *Sine Die***

**MR DEPUTY SPEAKER:** Can I call for a Secunder to the Motion?

**HON. H. PUNA:** Deputy Speaker, I rise to second the Motion with just a few comments in support of the Motion.

**Seconded by the Prime Minister Honourable Henry Puna**

**HON. H. PUNA:** Deputy Speaker, I stand to give thanks to the Honourable Members of this House for cooperating to make sure that we complete our business this evening. Even though we had differing thoughts on the two Bills, the main thing is we have completed the business of the day.

I wish to remind Honourable Members and also the people of our country of the radiothon that will be held tomorrow to fund raise for our neighbours in Samoa and Tonga.

I want to give greetings to my constituents who are working hard on the preparations for the Constitution celebrations coming up. They are listening to us on the radio.

So, therefore we will see everyone over the air tomorrow for the radiothon. Thank you and Kia Manuia.

**MR DEPUTY SPEAKER:** Thank you very much Prime Minister. I will put the Question. The Question is:

**That the Motion be agreed to?**

**Motion agreed to**

Before we adjourn, I have an announcement to make for the Select Committee on Marine Resources Bill and also the Crimes Bill Select Committee we have a short meeting on Friday at 9 a.m. The Marine Resources Committee will start first at 9 am and when they finish the Select Committee for the Crimes Bill will meet.

I ask the Committee Members to please come to this meeting because I know some Members will be returning to their islands. If you cannot attend this meeting please inform the Secretariat or the Deputy Clerk and explain why you cannot attend the meeting. Those are our announcements for the two Select Committees.

On behalf of the Speaker and all of us in the front here all the best to you. Our meeting is coming to a close and I ask the Member for Rakahanga to say the closing Prayer.

**CLOSING PRAYER**

**MR DEPUTY SPEAKER:** Honourable Members this House do now adjourn *Sine Die*.

**Sitting adjourned at 6.09 p.m.**