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MADAM SPEAKER took the Chair at 1.00 p.m.

OPENING PRAYER

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

I would like to express my sincere appreciation to our Pastor this morning for his beautiful message which I believe will guide us through our deliberations throughout the day.

Greetings to you all this afternoon, especially to those of you who have been present since the beginning of this Sitting.

I can smell the beautiful fragrance from where I am sitting and I believe this *ei* is from the island of Aitutaki. Because we have discussed the issue of wearing our beautiful *eis* and flowers in the House, it is beautiful to see the love from the people of Aitutaki expressed in this House this afternoon.

To our people listening in to our radio broadcast this afternoon, I extend to you our warm greetings. To those of you sitting in the Public Gallery this afternoon, greetings to you.

I would like to express my sincere appreciation to our Prime Minister, the Deputy Prime Minister, Cabinet Ministers and all the Members of Parliament who attended our beautiful service on Friday. My observation on that day was that the Samoan community at the service was appreciative of what we did and valued the words of encouragement which will help them during this difficult time. Maybe later on today, we will be informed about how much we raised from our fundraising events.

I would also like to announce that at 9.00 a.m tomorrow morning, myself along with the Prime Minister, Deputy Prime Minister, Clerk and the Deputy Clerk will deliver our response to the Message from the Throne at the Queen's Representative's residence. We will deliberate on this in our Sitting when we return from the Queen's Representative.

MADAM SPEAKER'S ANNOUNCEMENTS

Now, I would just like to give you a little bit of information before we get on with the Business of the House.

Honourable Members, in September during the Commonwealth Parliamentary Conference in Kampala, Uganda, the Small Branches Conference was held where there was a vacancy for a Small Branches Chairperson, in which I was nominated as a candidate along with a Speaker colleague from the Isle of Man in the UK. My election is for the tenure of three years, a team of staff and an annual budget that covers the role and the responsibilities at the headquarters in London.

The election of the Steering Committee was also conducted from six regions that was carried out at the governance body of the Small Branches, which holds a tele-conference once a year and a face to face once a year meeting.

The CPA for your information, consists of nine regions, 186 branches of which 43 are categorised as Small Branches, by a population of 500,000 people and under, from the seven regions. The election was only amongst the Small Branches that attended.

I will just share two of the objectives that the Small Branches have. One is, the highlight of the Small Branches is the issues and challenges of these Commonwealth Parliamentary activities. The other is, to strengthen the current network for the CPA Small Branches to share knowledge and create greater opportunities, for the Parliamentary strengthening and co-operation across the network through the strategic plan.

The Speaker of Malta was the first Chair of this organisation and his term has just finished. The Speaker is holding a workshop for Small Branches in Malta in January, from the 28th of January to the 1st February. I am pleased to announce that we have proposed two candidates from the Cook Islands Parliament to attend.

So I look forward to the lessons to be learned from this post and look forward to representing the Parliament of the Cook Islands and the Pacific Region, for the benefits that will be gained from this position.

Thank you and I call on the Prime Minister who has a statement to make. I beg your pardon, I call on the Deputy Prime Minister who has a statement to make.

HON. M. BROWN: Thank you, Madam Speaker. Today, I stand to announce the release of our Half Year Economic and Fiscal Update. This document provides an update on the progress against the 2019/2020 Budget known as the Budget of Love, *Te Akapapaanga Moni o te Aroa*.

I am pleased to be able to say that this update is a positive update, a good news story and it has been a busy start to the year for the Government with old projects continuing and some new ones starting.

Following the first quarter, we can see some of the following things happening. Firstly, the total revenue was slightly below forecast by 248,000 dollars on expectations of 49 million dollars. However, taxation revenue is looking strong for 2019/20 based on the first quarter results with 1.6 million more collected, than anticipated. Around half of this extra revenue has come from departure taxes, which are up on our forecast by over one third due to the tourist arrivals being above forecast.

These results show a strong first quarter for the Government with a fiscal balance increasing by 6 million dollars. These results are only based on the first quarter, first three months of the year so with more Government Capital Projects looking to ramp up over the rest of the year, Government underspends are expected to reduce.

If I turn to the Half Year Fiscal Update Madam Speaker, based on the strong performance to date, revenue forecast for 2019/2020 have been increased. Tax revenue is estimated to be 5 million higher than originally forecast due to higher actual receipts that was anticipated. We expect that taxation revenue will continue to grow at just under two percent per year and as a result, revenue has been revised up for each year all the way up to 2023.

Other revenues are estimated to be 6 million dollars higher and this is mainly due to an increase in revenue expected from fishing licences. In total, Government revenues for the 2019/20 financial year are now forecast to be 11 million dollars higher than previously forecast at 200 million dollars.

At the same time Government expenditure expectations have increased by 10 million dollars, due to the shifting time lines of some Capital Projects and additional funding being provided, for projects such as the safe removal of the radio transmission mast in Matavera.

As a result of the increased revenue forecast, the fiscal balance is expected to reduce to a deficit of 1.2 percent of GDP an improvement from the 1.4 percent anticipated at the Budget.

I will now move on to a momentous occasion that is about to take place, our graduation to developed or high income status is now just a few weeks away. The fact that we are the first Pacific Island Nation to achieve this status is reflective of our strong economic progress and good governance in the past eight years. This success is part due to the sensible fiscal management and investment in growth projects by the Government. It is though the Private Sector through its investment and growth that has mostly contributed to this milestone for our country.

It is not all good though. Graduation does mean that, some of the aid that the Cook Islands has historically relied upon will no longer be available to us. This is not such a bad thing. We now have an opportunity to stand on our own two feet and prove that we deserve to be treated as a developed nation. At the end of the day, the economic impact is expected to be minimal, so the responsibility now sits with us to ensure that the financial impact is also minimal. The journey towards financial independence requires, continued prudent spending and investment and to that end, I now turn to the medium term fiscal strategy.

The medium term fiscal strategy guides the Government's budget planning and rolls forward each year. The half year fiscal update contains the 2020 to 2024 strategy. The medium term fiscal strategy is designed to support financial stability, resilience and sustainability by ensuring our ability to respond to the global economy, goes through its periods of slower growth and when we experience natural disasters.

The strategy includes four fiscal rules, which helps us to guide the Budget; a net debt rule, a fiscal balance rule an expenditure growth rule and a cash reserves rule. All with the aim of ensuring that, we remain fiscally sustainable and economically stable. Remember there is no such thing as free money anymore, borrowing always requires repayment with interest so, understanding our debt is very important.

The rules further limit our expenditure each year, to align with our expected GDP growth each year and with our revenues, ensuring the Government remains within its means and that we do not destabilise our economy by adding too many dollars per year.

The last rule, the cash reserves rule, requires the Government to put aside excess cash for the future. These funds become our insurance policy to be drawn on in the event of a significant economic down turn or a natural disaster.

In developing our strategy for the next four years, we must consider where the economy is heading. Gross domestic product, the primary indicator for the growth of our economy is expected to increase at a slower rate in the next few years. This is due to tourism arrivals increasing at a slower rate and public investment slowing, as old projects draw to an end and new projects ramp up.

This is all on the back of strong economic growth Madam Speaker in recent years that has been considered outstanding by global standards, making us the envy of many more developed nations.

This economic growth has benefited all Cook Islanders either directly or indirectly. Businesses became more profitable, the economic sped up, staffs were hired, wages were paid and now there is more money in the domestic financial system.

This has driven Government tax revenues and most of those taxes had been returned to the people in the form of the delivery of public service and welfare. It has also allowed us to put aside to save for a rainy day. Either literally a rainy day in the event of a cyclone affects the Cook Islands or financially in terms of an economic shock either of which could disrupt our economy.

Tied to our rapid economic growth has been an increase in the pressure on our infrastructure and the services which the Government provides. Which in turn requires additional investment from the Government. This has the potential to place significant pressure on the economy through stretching our labour force and housing too thinly and in turn causing inflation.

It is for this reason that the Government in the medium term fiscal strategy proposes to maintain a steady expenditure profile over the four years to 2024. I am pleased to say that our medium term fiscal strategy and with it our budget planning for the next four years remains in line with the fiscal rules outlined and at the same time allows for the necessary investment into both the critical fiscal structure and the affective Government services.

The Government priorities for the next Budget 2020/21 as outlined last year are Education, Governance and Law and Order, Health Resilience and Climate Change, Agriculture and Food Security, Infrastructure and ICT and Water and Sanitation.

Cabinet met recently to consider our National Sustainable Development Plan Priorities for 2023/24 and extended the strategic plan by an extra year.

On that note, Madam Speaker I will end by saying that this release of the half year fiscal update and the medium term fiscal strategy are significant important planning documents for our country makes me very enthusiastic for the upcoming 2020/21 budget and all the things that we expect to achieve prior to that.

I am pleased to report, Madam Speaker that this statement is now available, the half year fiscal economic update statement, is available on the MFEM website to all the people of our country. I now lay this statement on the Table.

MADAM SPEAKER: Thank you very much Honourable Minister of Finance. I now give the Floor to the Honourable Prime Minister.

HON. H. PUNA: Thank you, Madam Speaker. You are right in your comment that the fragrance from this flower garland from Aitutaki are just wonderfully beautiful.

Kia Orana to you, your staff and all the Honourable Members of this House and our people listening in to our broadcast. I also have a cheerful news to relay to the House. I believe we will not get tired of listening to good news.

Before I do that, I would like to support your acknowledgements and appreciation to our Members of Parliament and people who came together last Friday for the national prayer service in honour of our Samoan neighbours. And if I was a Samoan citizen, I would feel very comforted and appreciative of the honour extended by the Government and the people of the Cook Islands at the Auditorium.

However, I have a challenge to make to all the Honourable Members and that is in regards to our fundraising appeal for Samoa. The fundraising has not closed and donations are still being accepted. I was listening to Aunty Nga on the radiothon at 5.00 p.m on Friday and the thought came to me for us not to rely on the Government pledge of NZ\$50,000. As I mentioned in my speech at the service on Friday, the majority of those affected by this tragedy are children. Children between the age of 5 years and under.

I believe that this amount is not enough and therefore, I decided to donate some money from the children of Manihiki. I rang the radio and donated NZ\$1,000 from all the children of Manihiki for their counterparts in Samoa. I thought this donation would be more meaningful if it is made from the children themselves. Therefore, I would like to challenge all the Members of Parliament here this morning as donations are still being accepted. If you have not overspent your Constituency Funds, make a donation on behalf of the children of your constituency.

I would also like to extend my appreciation to the people of Aitutaki for the beautiful ceremony that they conducted this morning for the Manatua Cable. I was pleased that all the three Members of Parliament for Aitutaki were present at this occasion. My hands held the Manatua Cable that they are laying in Aitutaki. The people of Amuri were present at the ceremony that was held at the airport in Aitutaki.

Therefore, I would like to thank the people of Aitutaki and their three Members of Parliament, the Mayor and Island Councils and all the different sectors on Aitutaki for taking this bold step as a move forward to the future. This is the reason I wore this beautiful flower garland into the House so we know of the great work that is being done on the island of Aitutaki.

Madam Speaker and Honourable Members, I now want to speak about another good news. Before I do that, I extend a very special welcome back to Parliament to the Honourable Member for Ruaau. It is good to have you back with us here Honourable Member.

Madam Speaker on Friday 13th December, London time, our small island nation made history. In front of a global audience of 2 billion people, Tajiya Eikura Sahay who hails from the small island of Nukuroa and representing our beautiful island nation at the Miss World Pageant in London was crowned Miss World Oceania 2019. She beat 106 other contestants to place number 6 in the world. Mind you Madam Speaker, I hear she has Manihiki connections too.

The Cook Islands is the first Pacific Island country ever to win the prestigious title of Miss World Oceania. The last Pacific Island beauty to place highly was Hinarere Taputu from Tahiti in 2015 who placed 12th.

Five other continental queens were named; Africa, America, Asia, Europe and the Caribbean. A hundred and twenty-two contestants representing countries like China, Russia, USA, India, South Africa, Australia and New Zealand, to name a few, attended. So our Tajiya made history. As I said earlier, the 2019 Miss World Pageant had a global viewing audience of two billion people. It is the most syndicated pageant globally and the oldest and most respected pageant in the world.

This year 122 countries participated. Its over-arching theme is based on duty with a purpose. Contestants are encouraged to deliver on platforms that are typical of their countries and reflect an international purpose. Tajiya chose health. Her campaign was aptly named “Move with me” and targeted obese children in the Cook Islands. Sadly Honourable Members, the Cook Islands has the highest mobility obese rates per capita in the world. Estimates are that our young will die before they reach the age of 25 years if they do not change their lifestyle.

To prepare herself prior to competing nationally, Tajiya spent three months on her beautiful island of Nukuroa. She immersed herself into the cultural elements of her home island and spent valuable time with the very young children at school. Fortunately, our Outer Islands children are not heavily influenced by the sweets, fizzy drinks so readily available here on Rarotonga, and the time in the Pa Enea gave Tajiya a deep appreciation of how important our young children are because they are the future of our country.

In reporting back to the Miss Cook Islands Committee here via social media, Executive Secretary, Rohan Ellis confirmed that Miss Cook Islands World has signed a one year contract with the Miss World Organisation. So Tajiya will travel with Miss World 2019 from Jamaica on Miss World projects for a whole year and will be the face of Oceania at high end fundraising campaigns that pay for these projects.

Mr Ellis also confirmed as recent as this morning that Julia Moorely, President of Miss World Organisation will travel to the Cook Islands to meet with Government and our people in 2020 to discuss Miss World values. I and Government look forward, and indeed I am sure all of us and the people of our country, look forward to that visit.

We might well ask what does this mean for our small country. According to Mr Ellis, the outcome is huge in terms of tourism promotions. Tajiya's *poe tiare* which she wore everywhere, and to which was acknowledged by Miss World Jamaica in her acceptance interview, admired the small but most significant nod to her home island, the Cook Islands.

Honourable Members, beauty pageants are now a business and politics is never far. Leaders of countries who send representatives regard pageantry as a global statement in itself. In the four years that we have participated, our small island nation has demonstrated that we can match it with the very best in the world. This historical accomplishment confirms that belief.

With Christmas fast approaching, our country has another reason for celebrating and as Leader of this nation, and Government that has in its own way supported the efforts of the Miss Cook Islands Association Committee, I stand proud with the rest of you in applauding the outstanding achievements of Miss Tajiya Eikura Sahay.

We look forward to welcoming our Miss World Oceania 2019 when she returns on 20th January for a short visit before undertaking her new global responsibilities.

Madam Speaker, thank you. Kia Orana and Kia Manuia. I now lay this on the Table.

(Applause)

MADAM SPEAKER: Thank you very much Prime Minister.

We will now go to Question Time.

QUESTION TIME

When we finished on Thursday, a question was asked by the Honourable Tina Browne to the Prime Minister and we wonder if you have the answer please?

I see the Honourable Prime Minister. You have the Floor.

HON. H. PUNA: Thank you Madam Speaker and thank you Honourable Leader of the Opposition for asking the question.

I have a response here from the Head of Marine Resources, Pamela Maru and it reads as follows:

“Bill Marsters has not been employed with MMR since June 2019. He retired from his post as MMR’s Fisheries Officer in Palmerston a few years ago and since then was only on contract for casual work which expired. He was informed of this by his Director

in the Ministry. MMR's previous attempts to recruit a Fisheries Officer in Palmerston has failed".

Pamela met with Bill last month as he was querying about possible work with MMR and he was advised that MMR would have to undertake a new recruitment process."

Honourable Member that is the response from MMR. Thank you.

MADAM SPEAKER: Honourable Members, it seems that we have gone off the air and – maybe not.

All right. We were very briefly but we are back on air now.

I see the Honourable Minister, George Angene. You have the Floor.

HON. G. ANGENE: Greetings Madam Speaker and all Honourable Members in this House. I rise to respond to the question put to me by the Member for Akaoa regarding the companies.

The Honourable Member asked me whether the companies have been paid this year from what was owed to them last year. The answer Honourable Member is that all the companies have been paid from 2018 to this year. I want you to understand that I do not owe any company that provided their service within that period. However, if you have further questions regarding the payment of invoices before 2018, I apologise that I will not be able to answer your question because it was a different Minister at that time.

MADAM SPEAKER: Thank you. I see the Honourable Tamaiva Tuavera. You have the Floor.

MR T. TUAVERA: Firstly, greetings Madam Speaker.

MADAM SPEAKER: Kia Orana.

MR T. TUAVERA: Greetings to everyone in this Honourable House today.

Firstly, I would like to make some comments about our Miss Cook Islands, Tajiya Sahay. This beautiful maiden is a Captain Tama Lagoon Cruise young lady. I want to inform you all that everything Captain Tama touches, wins. So congratulations to Tajiya for your big win for the Cook Islands.

My question Madam Speaker is to the Minister of Internal Affairs, Vaine Mokoroa. I just want to put in a quick background for this question.

Last week in this Honourable House, the Minister of Internal Affairs said that the Social Welfare Division have sought some planning assistance through UNICEF. A study and survey of the current services and products have been undertaken.

A validation workshop was held at the end of last month. One of the bench marks identified was the poverty line in terms of the people's financial situation. The poverty line was set on New Zealand's poverty line of \$34 a day.

In 2017 Madam Speaker, you hosted a Speaker's debate on the subject of poverty and it was generally agreed that there is no poverty in the Cook Islands. Upon hearing the Minister on his half year economic fiscal update, I think this is an appropriate question to ask the Minister of Welfare.

Given that we are to follow the bench mark suggested by UNICEF, when can we see an alignment above \$34 per day for the caregivers, the infirm and the destitute? Thank you Madam Speaker.

MADAM SPEAKER: Thank you, and I see the Minister of Internal Affairs.

HON. V. MOKOROA: Thank you, Madam Speaker. Before I express my views, Kia Orana to all of us in the House today. To the staff of Parliament, to our Opposition side and your Leader, to the Honourable William Heather, welcome back into the House.

To our Government side, welcome back to the Prime Minister and the Deputy Prime Minister who has been to Aitutaki for a very important occasion, welcome back into the House. To all the Members of Parliament, to the Ministers of the Crown, Kia Orana. To all our people listening in to our radio this afternoon, Kia Orana to all of you.

The question from the Honourable Member Tamaiva Tuavera is that, given that we are to follow the bench mark as set by UNICEF where the poverty line is set to New Zealand standard of \$34 per day, when can we see an adjustment of increasing the standard from \$34 per day for the caregivers, infirm and destitute.

Honourable Speaker, on the 1st of July 2020, we will be increasing the pension benefit for the elderly over the age of 70 from \$660 to \$700 a month, and on the 1st of July, we will also be increasing the minimum wage rates from \$7.60 to \$8.00.

Last year, we also increased the age of pension for child benefit from 14 to 16 years where our children continue to receive \$100 per month. This in itself is one of the reasons why we will be promoted as one of the developed nations.

The target that the Member of Parliament is looking at is, the benefit that will be paid to caregivers, infirm and the destitute. Last week, I highlighted to Parliament that there is a group of Consultants from South Africa who is undertaking a scoping and detailed survey analysis and preparing a Report for Cabinet and for this House next year. They will be visiting our shores in late January, early February.

If you can recall from last week, this study looks at the welfare benefits including our pensions, caregivers, infirmaries and destitute payments. In terms of projection, the load and the sustainability of this fund on our national account, and I will ask this House that for all of us sitting around the table, to sit, listen and support the recommendations or make an input towards this Report that is coming through.

One of the things that I can ask is to distribute the draft Report now so that Members on both sides of the House can give constructive comments towards this Report.

So to answer Honourable Tuavera's question, I believe this Report will answer the question that he had asked.

Thank you Madam Speaker.

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

MRS S. NAPA: Thank you Madam Speaker. I want to ask my question to the Government and maybe the Prime Minister will be able to answer it.

Like him, we the women of this nation are also very excited about the great achievement made by our Miss Cook Islands, Tajiya. In our country today, there are two different beauty pageant Associations. The many questions raised by our people in the past is, what can we do to bring these two organisations together.

I cannot see how these two Associations can come together as one. This is a National event and whoever becomes the successful Miss Cook Islands represents our country at international events.

My question is, does the Government have a way to help bring peace between the two Associations and to encourage them so we have only one Association in our country.

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

HON. H. PUNA: Thank you Madam Speaker and thank you Honourable Member.

I was really hoping that as a woman Member of Parliament that you would give me the answer for the question that you have asked because you know what, if there is one thing I do not want to get involved in, it is trying to sort out a problem between women. But we have seen the performances of the two different Organisations and I am sure that our people are watching them very closely. But Honourable Member, if you have any brilliant ideas how to get women to work together, it will be most appreciated and welcomed.

I am sorry I cannot say any more than that because I have a very severe conflict of interest as my wife is the Patron of the Miss Cook Islands Pageant Organisation. The Honourable Deputy Prime Minister will attempt to answer your question. Thank you.

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

HON. M. BROWN: Thank you Madam Speaker. I can only echo the words of the Prime Minister, trying to resolve the conflict between the two Organisations by someone like me is like, me putting my head inside a lion's mouth.

But at the end of the day, Madam Speaker, these are two Organisations that have their own groups of leadership and really it is a matter for them to get together and see if

they can agree on how our country should be represented at these pageants. But we can see that the Miss Cook Islands pageants of which our representative won the Miss Oceania was one that was held domestically here in the country. And the other pageant I believe was held outside of our country.

The winners of these two pageants outstandingly stunning beautiful Cook Islands women. One went on to great recognition Miss World and the other one went Miss Pacific with very different results. But I would not look at the girls as being the difference in where they placed in these competitions. I would look at the Organisations behind them that prepared them and made sure that they were able to represent our country in the best possible way.

So, I would not say, that one set of girls is better than the other set of girls – no! Because we have seen these girls and they are beautiful. It is the strength of the Organisation behind them and the coaching that takes place to prepare these girls. I think that is what that makes the difference.

So, we will welcome a merging if you like or a joining of together of the two Organisations so we have one representative group for our Miss Cook Islands at the various pageants around the world. But as to how that is going to happen, I echo the Prime Minister's comments as maybe it is best for the female Members of Parliament to look at combining their minds together to see how can they resolve these differences. Thank you, Madam Speaker.

MADAM SPEAKER: Thank you and I see the Honourable Vaitoti Tupa and you have the Floor.

MR V. TUPA: Thank you, Madam Speaker. Kia Orana to all Honourable Members. My question is to the Minister of Police. As mentioned by the Leader of the Opposition in regards to the Prime Ministers speech about the ease of modern technology where the internet can get a lot of work done immediately.

My question Minister is in regards to the salaries of the police staff. I hope you will use the telephone to get the information for this question. I know Madam Speaker that we have raised the salaries of the police force in our recently passed national budget. In that Budget the police was given a big allocation for the police wage and salaries. My question then is whether this increment of salaries has been paid to our police men and women?

HON. V. MOKOROA: Thank you, Madam Speaker. Thank you to the Honourable Member for Matavera for your question. Madam Speaker if I can ask if the question can be answered tomorrow. Based on the instructions from the Member of Matavera, I punch some keys to ask the Commissioner of Police if we can meet at 8.30 a.m tomorrow so I can put a nice answer to the question tomorrow.

MADAM SPEAKER: Thank you to the Minister of Police. I see the Honourable Member Terepai Maoate, you have the Floor.

MR T. MAOATE: Thank you Madam Speaker. Kia Orana to all of us Honourable Members and our people listening to our broadcast.

With your indulgence Madam Speaker, if I may make some comments in support of the comments of appreciation made by the Prime Minister to the people of Aitutaki. The official event that took place in Aitutaki this morning for the Manatua Cable was attended by the Prime Minister and his delegation from Rarotonga, and the Aitutaki Members of Parliament. We thank the national Government and the Island Government, the Mayor, Island Council, RAC, private sectors and all the people of Aitutaki for your support to this great event.

I thank the presentation by the school children of Aitutaki looking at the pros and cons of what the cable will bring as stipulated and discussed by the Prime Minister. My question is directed to the Prime Minister regarding immigration.

I have previously asked this question in our last sitting during the budget deliberation. The time has come to look into our local people marrying foreigners under the immigration legislation.

MADAM SPEAKER: Honourable Member, I will interrupt you because we have come to the end of Question Time.

We will suspend Parliament and we will come back at 3:00 p.m.

Sitting suspended at 2:30 p.m.

Sitting resumed at 3.00 p.m.

MADAM SPEAKER: Honourable Members, please be seated.

Before we suspended, we had just finished our Question Time.

But, first, Parliament is resumed.

We will now go to the Order of Business for this afternoon and that is on the Presentation of Bills.

PRESENTATION OF BILLS

Our first Bill is the Airport Authority Amendment Bill.

I beg your pardon. You are correct. I just missed the first. I jumped to No. 2.

So our first Bill for presentation today is the Cook Islands Investment Corporation Amendment Bill, and I call the Minister responsible.

I see the Honourable Minister, Mark Brown.

HON. M. BROWN: Madam Speaker, I present:

The Cook Islands Investment Corporation Amendment Bill 2019 to the House

CLERK AT THE TABLE: Short Title: Cook Islands Investment Corporation Amendment Act 2019.

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 following the Ministry of Marine Resources Legislation Bill.

MADAM SPEAKER: Thank you. The Bill is called for a Second Reading immediately after the Ministry of Marine Resources Legislation Bill.

Bill No.2 is the Airport Authority Amendment Bill, and I call the Minister responsible.

HON. M. BROWN: Madam Speaker, I present:

The Airport Authority Amendment Bill before the House

CLERK AT THE TABLE: Short Title: Airport Authority Amendment Act 2019.

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 Cook Islands Investment Corporation Amendment Bill.

MADAM SPEAKER: Thank you. The Airport Authority Amendment Bill is called for a Second Reading after the Cook Islands Investment Corporation Amendment Bill.

The third Bill is the Bank of the Cook Islands Amendment Bill, and I see the Minister Mark Brown.

HON. M. BROWN: Thank you Madam Speaker.

I present:

The Bank of the Cook Islands Amendment Bill, and I lay it on the Table

CLERK AT THE TABLE: Short Title: Bank of the Cook Islands Amendment Act 2019.

BILL READ A FIRST TIME

MADAM SPEAKER: Thank you, and can the Minister please name the date and time for the Second Reading of the Bill.

HON. M. BROWN: After the Airport Authority Amendment Bill, Madam Speaker.

MADAM SPEAKER: The Bank of the Cook Islands Amendment Bill is called for a Second Reading after the Airport Authority Amendment Bill.

Bill No.4: Ports Authority Amendment Bill.

HON. M. BROWN: Madam Speaker, I present:

The Ports Authority Amendment Bill, and I lay it on the Table

CLERK AT THE TABLE: Short Title: Ports Authority Amendment Act 2019.

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 Bank of the Cook Islands Amendment Bill, Madam Speaker.

MADAM SPEAKER: The Ports Authority Amendment Bill is called for a Second Reading after the Bank of the Cook Islands Amendment Bill.

Bill No.5: Te Aponga Uira O-Tumutevarovaro Amendment Bill.

I see the Honourable Minister Mark Brown.

HON. M. BROWN: Thank you Madam Speaker.

I present:

**The Te Aponga Uira O-Tumutevarovaro Amendment Bill 2019,
and I lay this on the Table**

CLERK AT THE TABLE: Short Title: Te Aponga Uira O-Tumutevarovaro Amendment Act 2019.

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 Ports Authority Amendment Bill, Madam Speaker.

MADAM SPEAKER: Te Aponga Uira O-Tumutevarovaro Amendment Bill is called for Second Reading after the Ports Authority Amendment Bill.

We will now go to Presentation of Papers.

PRESENTATION OF PAPERS

Paper No. 36: The Annual Report by the Public Service Commissioner for the year ended 30th June 2019.

I call the Minister responsible.

HON. H. PUNA: Thank you Madam Speaker.

I have the honour to present:

The Annual Report by the Public Service Commissioner for the year ended 30 June 2019 and I lay this on the Table

MADAM SPEAKER: Thank you. We will now go to Orders of the Day.

ORDERS OF THE DAY

Interrupted debate on the Second Reading of the Ministry of Corrective Services Bill 2019.

Honourable Members, when we adjourned on Thursday, the Honourable Tina Browne was on the Floor with 14 minutes remaining on her speaking time. You may continue if you wish.

HON. T. PUPUKE BROWNE: Kia Orana to all Honourable Members of this House this afternoon. To those who are listening to our deliberations from the Northern and Southern Group islands, greetings to you all.

Before I give my final remarks on the Ministry of Corrective Services Bill that is before this House, I would like to congratulate our daughter Tajiya Sahay who has won this crown for us. I do not want to make any comment on the two groups of organisations in regards to our beauty pageants but I just want to talk about our daughter.

I believe the involvement of pageant here in the Cook Islands and for some years, is not just about the appearance of beauty but your knowledge and intelligence in answering the questions asked by the judges at the pageant. There are other categories of how our girls are judged, how they present themselves photo generically in front of cameras and at the way they communicate with the other girls and the public. I am very proud of this girl, our daughter, because she has reached a really high level. By winning this, I believe this can be a role model for all our teenage girls in the age of 15/16 where they can aim for something like this.

I would like to also thank our Pageant Association because I believe in the adequate preparation, training or coaching of these girls, especially if this is their first time to join the pageant. If the coaching is done well, this will lift their standard or confidence when they travel overseas. For us who follows the pageant, when we observe these girls from day one to the final judgment, we will see the importance of coaching and training given to these girls by the Association. So, I would like to congratulate the Association

for the hard work they have done to make sure that before our girls leave the country they are ready.

I would like to give my support to our daughter and if she is planning to sign a contract so that she can go all over the world, it is with the best of luck from all of us to her as she represents our country in the world, so that we can continue to be proud of her throughout her reign.

I will now come back to the Amendment before the House because I was gave my conclusion to give and also my support. I just want to bring to the notice of this House that any law that is passed retrospectively is not a good law. Nevertheless, we look at the debate that has been discussed before this House way back in June, I would like to give my support to the Amendment Bill but I would also like to correct with what was said in Parliament back in June.

I again offer my support to the Amendment Bill. Thank you.

MADAM SPEAKER: Thank you, are there any further speakers? As there are no further speakers, I see the Honourable Minister George Angene.

HON. G. ANGENE: Kia Orana, Madam Speaker, your staff working with you and to all Honourable Members in this House, greetings to you all.

With your indulgence Madam Speaker, please allow me to speak to our people listening to our Parliament. Thank you.

Greetings to all our people near and far listening to the debate in the House. I extend greetings to my people in Tupapa, to those with positions, to our parents and our children, greetings to you all.

I would like to convey special greetings to our young people, our children and emphasise also that we parents must teach and look after our children because last week, one of our young people was involved in an accident. I would like to make a plea to our children to obey your parents. The Bible says, "*Honour your father and your mother so that you may live long*".

I also extend a very special greetings to all our former Members of the House who have served our country and are listening to our radio. May we live together in peace and for love to abound upon us.

I will come back to the Amendment Bill before this House. I would like to bring to the notice of Members of Parliament, the type of clothing I used to wear during past years. I wore pink clothing and I want to let you know the meaning. I also want to let you know that I no longer wear that clothing because we are surrounded by peace and love.

I want to remind you the reason why I wore that colour, because people were criticising and talking about me in this House. As I observe the way we are with each other, we are at peace and the questions we ask each other are very good.

I would like to say greetings to all my friends in this House, to my wife and our children and all the people listening in, Kia Orana.

I do not want further delays on this Bill because I want us to go into the Committee of the Whole House so that we can debate the merits and principles of the Bill that will help us to finalise this Amendment Bill.

I would like to thank the Head of the Ministry of Corrective Services, Tai Joseph who is present with us in the House to listen with our debate on this Amendment Bill. I would also like to extend a very warm welcome to the staff listening to us today.

That is all that I want to say and I would like to hand the meeting back to you, Madam Speaker.

MADAM SPEAKER: Thank you very much Honourable Minister.

I will now put the Question:

That the Bill be read a Second time?

Motion agreed to

CLERK AT THE TABLE: Long Title: An Act to (a) Provide for the Transfer of Staff and Resources from the Ministry of Justice to the Responsible Ministry
(b) Facilitate the Transfer of the Administration of the Criminal Justice Act 1967, the Prisons Act 1967 and the Regulations made under those Acts from the Ministry of Justice from the Ministry of Justice to the Responsible Ministry
(c) Consequentially amend other Legislation
(d) Provide for the transfer of assets and liabilities from the Ministry of Justice to the Responsible Ministry and related matters.

MADAM SPEAKER: Thank you. Parliament will now resolve into the Committee of the Whole House.

COMMITTEE OF THE WHOLE HOUSE

MADAM CHAIRMAN: We will begin with the Bill on two Clauses and I will take it by Parts if I can seek leave please.

As there are no objections we will begin.

Clause 1: Title

Clause 2: Commencement

I put the Question:

That Clauses 1 and 2 stands part of the Bill?

Motion agreed to

Part 1: Preliminary Provisions and Transfer of Employees.

I put the Question:

That Part 1 stands part of the Bill?

Motion agreed to

Part 2: Transfer of Obligations and Functions and Other Matters.

I put the Question:

That Part 2 stands part of the Bill?

Motion agreed to

Schedule 1: Amendments to Acts.

Schedule 2: Amendments to Regulations.

I put the Question:

That Schedules 1 and 2 stands part of the Bill?

Motion agreed to

Long Title: Act to:

- (a) Provide for the Transfer of Staff and Resources from the Ministry of Justice to the Responsible Ministry.
- (b) Facilitate the Transfer of the Administration of the Criminal Justice Act 1967, the Prisons Act 1967 and the Regulations made under those Acts from the Ministry of Justice to the Responsible Ministry.
- (c) Consequentially amend other Legislation.
- (d) Provide for the transfer of Assets and Liabilities from the Ministry of Justice to the Responsible Ministry and related matters.

I put the Question:

That the Long Title stands part of the Bill?

Motion agreed to

I will put the Question:

That the Bill be reported to Parliament without amendments?

Motion agreed to

Parliament is resumed.

MADAM SPEAKER: I call the Minister Responsible to report the progress of the Bill to Parliament. I see the Honourable Minister, George Angene.

HON. G. ANGENE: Thank you Madam Speaker and to all Honourable Members for supporting this Bill.

We accept that this is progressing well without any amendments.

MADAM SPEAKER: I will put the Question:

That the Report be adopted?

Motion agreed to

I call the Minister Responsible to move for the Third Reading of the Bill.

HON. G. ANGENE: Madam Speaker, I move:

That the Bill be read a Third time

MADAM SPEAKER: Is there a Seconder for the Motion please.

Seconded by the Honourable Minister, Rose Brown

I put the Question:

That the Bill be now read a Third time?

Motion agreed to

CLERK AT THE TABLE: Long Title: An Act to:

- (a) provide for the transfer of staff and resources from the Ministry of Justice to the responsible Ministry,
- (b) facilitate the transfer of the administration of the Criminal Justice Act 1967, the Prisons Act 1967, and the regulations made under those Acts from the Ministry of Justice to the responsible Ministry.
- (c) consequentially amend other legislation,
- (d) provide for the transfer of assets and liabilities from the Ministry of Justice to the responsible Ministry and related matters.

MADAM SPEAKER: Honourable Members, that completes the First, Second and Third Reading of the Ministry of Corrective Services Bill 2019.

We will go back to the Orders of the Day.

ORDERS OF THE DAY

Orders of the Day is on the Ministry of Marine Resources Legislation Bill.

I call the Minister Responsible to move for the Second Reading of the Bill.

HON. H. PUNA: Thank you Madam Speaker.

I rise to move:

That the Marine Resources Legislation Bill be read a Second time

MADAM SPEAKER: Thank you Prime Minister and you may continue.

HON. H. PUNA: Thank you, Madam Speaker.

Honourable Members, this Bill is put forward for our consideration to achieve the following:

- (1) To transfer many functions from the Cook Islands Pearl Authority to the Ministry of Marine Resources in particular, to establish the trading aspects of the pearl exchange with MMR. This necessitates amendments to the Ministry of Marine Resources Act 1984,
- (2) Further the Bill will repeal the Cook Islands Pearl Authority Act 1993 and this established the Cook Islands Pearl Authority including provisions for the consequent effects of that disestablishment

The explanatory note to the Bill outlines these specific changes that will be required to the Ministry of Marine Resources Act 1984 in order to transfer certain CIPA functions to MMR and to repeal the Cook Islands Pearl Authority Act 1993.

Madam Speaker and Honourable Members a difficult but wise decision was made by Government earlier this year on the future of the Cook Islands Pearl Authority. For several years we have seen a continual decline in the performance of the pearl farming sector despite our best efforts to provide support for growth and revitalisation through projects and investments particularly over the last ten years to the tune of just over \$13million.

At the same time we recognise that there are a small but committed number of pearl farmers who continue to persist with the industry along with a domestic retail sector that is supplied and requires a continuous supply of Cook Islands black pearls. In light of that the Government will continue to support the pearl industry. But how that support is delivered must change reflecting the current status of this domestic industry as a whole.

Madam Speaker I appreciate that the Honourable Members were given a briefing by Marine Resources last week or the week before on the purpose and the content of this Bill. But I believe that there are some questions that still persist today. So, it might help if I was to just run through briefly some background information concerning this industry.

The Cook Islands Pearl Authority key objective was to encourage and assist the development of a sustainable and commercially viable pearl industry. I guess we can all agree that this has been achieved with varying degrees of success. The industry has

endured several challenges since it started in the 1980s such as cyclone Martin, diseases outbreak in the early 2000s. Increase competition in the international market and a boom and bust in the number of businesses involved in pearl farming.

This has resulted in significant declines in the performance of the pearl farming sector. For example in the last ten years pearl production made a slight recovery from 3,000 saleable pearls in 2009 to 40,600 saleable in 2014. However since 2015 production levels have continued to fall from 21,459 saleable pearls to estimated 15,000 in 2019, with little indication of improvement in the near future.

In terms of CIPAs marketing of Cook Islands pearls this function is considered to be no longer viable as was considered in recent reviews of the pearl industry. Without high quality and volume of stock, CIPA was unable to service the international markets consumption requirements. As such, this international marketing and sales function can no longer be justified or supported.

In 2018 a Public Expenditure Review illustrated the Pearl Industry's serious state of decline, notably continued reductions in the volume and value of pearl exports from \$18 million in 2000 down to \$122,000 in 2017-18. Maybe if the Honourable Leader of the Opposition and myself were still involved in pearl production now, the industry would still be buoyant.

Now compounded against the history of Government assistance to the Pearl Industry through various projects aimed at strengthening and increasing the Pearl Industry's production of \$13 million between 2008 and 2018, including CIPA's annual budget of \$480,000, has resulted in little success and return of investment from this sector. In light of this I am sure we can all agree that this no longer warrants the level of support from Government using public funds for this under-performing sector.

In addition, many of CIPA's technical functions provided for in the CIPA Act of 1993 overlapped and have been delivered through MMR's operations and in consultation with pearl farmers in 2018, it was identified that the pearl exchange and quality and grading systems provided by CIPA remained a valuable service. As such, a transfer of many of CIPA's functions to MMR is logical.

Therefore, in February 2019 Cabinet gave its approval to wind up CIPA and transfer its residual functions to MMR. Residual functions refers to the functions that CIPA has maintained in its business plan and operations since making agreement with MMR in 2010-2011 that the production functions that requires scientific input would be carried out by MMR also has reference in the Public Expenditure Review Report.

Madam Speaker, under Section 6(1)(a) of the Public Service Act 2009 approval is given by the Public Service Commissioner for the dis-establishment of CIPA and those functions under which the pearl exchange and quality standards operate were transferred from CIPA to MMR taking effect from the 1st of July this year. This includes a transfer of \$200,000 from the former CIPA annual Government appropriation to MMR to absorb the cost of redeployed CIPA staff and for limited operational cost of former CIPA functions that would transfer to MMR such as the pearl exchange.

This includes authentication of Cook Islands pearls, grading certification, grading training and checking, consumer awareness and export certification. Since that decision in February MMR has collaborated with Crown Law, the Ministry of Finance and Economic Management and CIPA to establish policy and regulations to give effect to the transfer of certain CIPA functions to MMR.

Priority was given to the transition of the pearl exchange to reduce the interruption of supply and service between the pearl farmers, retail trade and the pearl exchange. The transfer of the Pearl Marketing Revolving Credit Fund is not included as that aspect of CIPA has been absorbed by MFEM with the prospect of winding up the fund since it had fallen into marginal use in the past five years.

In addition, stakeholder consultations in September this year highlighted a lack of support for the continued operation of the Fund.

Madam Speaker, Honourable Members, much has been learned from these difficulties and what remains of the industry is a small handful of farmers that have persisted, a comprehensive Manihiki pearl farming management plan 2016-2026 and a small but vibrant domestic pearl market here in Rarotonga.

Just in September this year, MMR consulted with pearl farmers, the domestic pearl retail sector and other stakeholders in Manihiki, Rakahanga and Rarotonga to chart a new way forward for the industry. The outcome of these consultations is the development of a new strategic plan for the industry to reprioritise Government's investment and assistance and the collaboration and inputs required between all stakeholders.

Madam Speaker, Honourable Members, it is hoped that this new strategy will serve as a re-set for a much smaller but viable domestic industry for Cook Islands black pearls.

In closing, Madam Speaker, I myself am personally sad at this development because having been involved in the pearl industry in Manihiki for about 15 years I know very well the challenges and the potential of this industry in Manihiki. I, with Government, and our external partners have invested heavily in this industry and there still is I believe huge potential for this industry. Our storage facilities in Manihiki are overrunning with pearl utilities and assets that are required for the industry and yet very few of our people are actively involved in it now. It is my hope that these small but active few that are still persisting will continue to do so and that the others would follow their example and get involved again.

I commend this Bill before this House.

MADAM SPEAKER: I call a Seconder for the Motion for the Second Reading please.

Seconded by the Honourable Minister, Vaine Mokoroa

Are there any speakers to the Bill?

I see the Honourable Member Vaitoti Tupa. You have the Floor.

MR V. TUPA: Thank you Madam Speaker.

I would like to thank the Honourable Prime Minister for outlining all the things that needs to be transferred under the management of Marine Resources.

Madam Speaker, I stand before this House because someone came to see me about this, and I believe we all know about this friend. He was not happy with what was happening and he gave me his report to read from the beginning to the end.

You may recall Madam Speaker, I was one of those who spoke about the CIPA Appropriation last year. I believe what I have spoken about is recorded in Hansard concerning my dissatisfaction on the performance of this agency.

Madam Speaker, last year I spoke about the pearl farmers from the time they started working in the industry up to last year. Because over time it has become apparent that thirty farmers started pearl farming and now there are only six remaining on the island of Manihiki.

However, when I read their Report last year I could see some deficiencies. I believe we are all aware of this Report written by Maureen Hilyard and also the Report by Government on the situation of pearl farming in Manihiki. At that time difficulties were identified in those two Reports to Government. Hence my comments last year, Madam Speaker at my dissatisfaction at the poor performance by this agency for the significant amount of appropriation they were given for their staff and yet their performance was not up to it.

However, there are aspects in it where it concerns the grading and the quality of the pearls, those remain good in those days. I am happy to recognise that this is one of the area that has not been abolished but it has been transferred to the Marine Resources. Hence my dissatisfaction with CIPA as I spoke last year on the appropriation that was given to it. This friend met with me and gave me his ideas and I also gave him my thoughts.

However, I might say Madam Speaker, these areas should remain and to be strengthened within Marine Resources. My only problem is how come it took a drop from thirty farmers down to six as of last year and hence the reason for my concern with the appropriation given to this agency for the last financial year.

However, today we move forward, we do not go backwards. Maybe one thought we should look at, Madam Speaker today within the Report this friend gave to me are areas he reckon it should be strengthened. One big thing in my mind when I rise to speak is considering the Board Members. Who are the Board Members to be selected on this area? I believe within this area, the Ministry and the Board under this Ministry is to look for ways to strengthen the industry and to move forward.

That is why I said to my friend to have patience because I have objected to the appropriation for this sector last year. I did tell him that I shall rise to give my viewpoints so he may hear it on radio.

So let me make this suggestion, Madam Speaker to Government that those areas that has been transferred to Marine Resources to remain. However, the remainder of this Act let it just maybe put it to sleep for now and maybe one day we shall look at how to awaken and strengthen it in the future. I believe the friend that provided this Report and others working in this area will be very useful in consultation on the industry with Government. Let us not just look at this just for Manihiki, Madam Speaker. Maybe this is one way to encourage our people living on the island of Penrhyn.

We know their production from the island of Penrhyn because when we go to the market we see the black pearls from Manihiki and the natural pearls from Penrhyn.

At this point in time, I would like to ask Government to perhaps let this part of the Act sleep for now, however the part we are transferring under Marine Resources to remain. I support transfer of these functions so the works are not halted. As for the transfer of staff from CIPA to Marine Resources for the purpose of grading and quality assurance to let their functions and their responsibilities remain.

As the Prime Minister pointed out before during the workshop by officials from this agency it was clear, the purpose or intention and the activation of this transfer. And I requested from them to provide us with copies of the Hilyard Report, the Ministry of Marine Resources Report as well as the Act. Because, Madam Speaker I read a lot from when I was a child I used to read comics. I believe we all know about the comics. In those days I only look at the pictures and not the English written words. However, through the ages as I matured through schooling on Rarotonga, on Aitutaki and back to Rarotonga I only read comics but when I matured I started reading English but I could not translate it into Maori. Hence, my understanding about the Legislations under Marine as well as CIPA.

That is why I am requesting to Government just to put this Act to sleep and in the future those who want to revive it, come forward and present your case to Government. But what has been established and has been done today, I give my full support. Thank you.

MADAM SPEAKER: Thank you, I see the Honourable Tina Browne you have the Floor.

HON. T. PUPUKE BROWNE: Thank you, Madam Speaker. I want to declare a serious conflict before I present my comments on this Bill. The difficulty however, if I do not make comments is that other than the Honourable Member Vaitoti Tupa, the views of the farmers who I have conversed with will not be made known.

I have looked in the Standing Orders and I find that other than the provision in the Civil List Act which requires all of us to certify what our conflict is or to declare that conflict, I did not see anything in the Standing Order that covers my situation and so I am not quite sure whether it requires a ruling of the House but I am at your mercy.

MADAM SPEAKER: Honourable Member, I think it is still quite appropriate that you comment to the Bill.

HON. T. PUPUKE BROWNE: Thank you, Madam Speaker. I want to go back to when the Cook Islands Pearl Authority Act was first enacted in the mid 1990's. It was enacted for a slightly different reason at that time because the Black Pearl Industry was

already established in Manihiki, Penrhyn and Rakahanga. Some funding was made available and so the CIPA office was established.

But it came well within the boom time of the Pearl Industry. Pearl prices were fetching 50 to 100 dollars per piece and because the farmers were doing so well they did not see a need for a Pearl Authority because they were doing so well on their own. So CIPA was closed.

Then Cyclone Martin came along in 1997 and I need not mention the devastation caused by Cyclone Martin but as a result of the Cyclone we started to see some decline. Both in Rakahanga, Penrhyn and Manihiki. Then we had the declining pearl prices globally and severe disease outbreaks in the Manihiki lagoon. All this lead all farmers to knock on Government's door with a specific request for CIPA to be revived.

The Government of the day, he did the call of the pearl farmers and directed MFEM to allocate budget for CIPA. CIPA was setup at that point. Now the dissolution of CIPA back in the mid-nineteen nineties was because of a call by the farmers because they did not think there was a need for CIPA. In this second round it is Government who is calling for the dissolution of CIPA.

Now, I want to go briefly over the revenue that this industry has earned and is capable of earning. The Prime Minister has referred to the revenue earned in 2013 up to 2019. We know that at the peak of the pearl production in the Cook Islands in the late 1990s. Direct export earnings reached 18 million dollars and if we added the local sales from our tourist industry the pearl industry would have contributed over 20 million dollars per annum. This would make the pearl industry the biggest economic sector outside of our tourist industry.

The steady decline of that industry over the years and I mentioned to you the various factors and it is not just one, not just two, it is many. And we wonder whether this establishing CIPA is the way for Government to be encouraging us to continue with this industry. I am aware of the reports that were prepared in 2017 and I think the last one was prepared on the instructions of MFEM last year. And one of the report has suggested that there should be consultation with the farmers before any action is taken.

I am aware that request were made by farmers particularly those farmers who are active in Manihiki but reside in Rarotonga to meet and consult. I am guilty of not attending any of those meetings. But my understanding is the view of the majority of the farmers is not to disestablish CIPA. It seems that the main reason for disestablishing CIPA that the farmers were informed was because it would then enable the pearl exchange to be transferred to Marine. I do not believe that that is necessary so. I think if the intention is to transfer the pearl exchange that can be done without having to disestablish CIPA.

Now, we all understand that when CIPA was established it was the marketing arm of the industry. Marine was always and has always been part of the pearl industry. They have been actively involved in the management plans that were formulated for the lagoon in Manihiki. They have also assisted with the lagoon management plans for both Penrhyn and Rakahanga. And of course, we all know that the two together makes sense. One is production and the other one is marketing. And of course, you cannot successfully market if you do not know what your production is going to be.

So, I support the views expressed by my learned friend the Honourable Vaitoti Tupa, let the CIPA Act sleep. I support the transfer of the pearl exchange, I support the transfer of the employees from CIPA to Marine. But until such time that we know a definite strategic plan going forward for this industry, I believe it is premature to now chop its neck. Most pearl farmers that I spoke with and there are not many anymore. They do oppose the abolishing of the CIPA Act. They oppose it for the following reasons. They say that Government has never met and explain to the pearl industry why CIPA needs to be abolished.

Government has not articulated a policy or strategy for the pearl sector that guarantee expansion of that sector by abolishing CIPA. By abolishing CIPA an organisation designed to focus on developing the pearl sector, government is diverting resources from the pearl sector to other unknown and unproven economic initiatives. And they feel this is a clear vote of no confidence in our pearl sector by government.

One of the enduring vulnerability of this country's economy is the extreme reliance of the country on our tourist industry. The pearl sector is one of the few sectors that have proven alternative source of revenue. And the farmers believe that managed properly the pearl sector will regain recent lost ground in our country's economy. If the Board and the CIPA management has not done a good job in the past years. That is no reason for government to chop CIPA.

Government's job is to appoint a good board and a good management. The pearl farmers and others in the pearl sector is asking government to leave the CIPA Act as it is and allow time and progress of the industry to be targeted as urgent work the pearl sector must address now. Of immediate concern is getting pearl production up in the Manihiki lagoon. I accept that with production there must be some quality tests as well.

So, I will ask on behalf of those farmers that Government give serious thought to the current Bill that is before is. Nothing will be lost by transferring the pearl exchange to Marine Resources. Nothing will be lost by transferring staff and other functions of the Pearl Authority but we ask that the Cook Islands Pearl Authority Act 1993 remain and not be repealed and let that lie so that we can have time to consider a positive and sensible way forward.

It also saddens me that this has come up because when I was recently in Rakahanga the Island Council was very encouraged by the fact that the Marine was going across to Rakahanga to assess the state of the lagoon in Rakahanga to see whether we can revitalise or go back into pearl farming in the Rakahanga lagoon. I am certain that that can still happen with Marine Resources being in charge of production but there is nothing worse than farmers planting, growing, and sowing without knowing whether there is a market for them to sell their produce. It is also for that reason that I ask Government to be reluctant in pushing this Bill through.

MADAM SPEAKER: Thank you Honourable Member.

If there are no further speakers, I will call the Minister to round up the debate on the Bill.

HON. H. PUNA: Thank you Madam Speaker.

Thank you also to the two Members that spoke on the Bill.

I would just like to touch upon some of the comments made by the Leader of the Opposition. I know she is reluctant to make too much comment on this because she held a position within this industry. But I support and I think your ruling is appropriate Madam Speaker that she be given the right to speak so we will know the comments and thoughts of our friends on the Pearl Industry.

Firstly, on the notion that Government did not meet and consult with the pearl farmers. The times I travel to Manihiki I do meet with the farmers and I know the position of the Public Expenditure Review that the investment in this area was not profitable. However, in my discussions with those who actually do the farming, they were not really satisfied with CIPA because they do not receive any assistance from CIPA. Some of them complained that when the CIPA wants to talk to them, CIPA charters a flight to fly to Manihiki because this chartered flight is paid for by the public fund.

The historical presentation on this investment by the Leader of the Opposition is correct. However, I do also know because I was within this industry since 1997 until I was prompted to return to Rarotonga. I can say that myself and my good wife we were the biggest farmer on Manihiki and the dream was for us to be millionaires in Manihiki. Nevertheless, we did not follow the Divine plan and we are here now in Rarotonga not so well off.

However, Madam Speaker, when we started this industry you had to spend a considerable amount of funds to set you up. I would say that we expended upwards of \$1 million to set our farm up. \$23 to \$24 per buoy, ropes and everything required for the set-up. On top of that, payment of workers – it is not cheap. However, today all of us realise the big change. All this assistance from Government, they are just piling up in storage in Manihiki and not being used. Floats, I am told today are \$1. They are just in piles on the island because at the last project of cleaning up the lagoon in Manihiki funded by the New Zealand Government, there were a lot of floats that were pulled up that were just lying on the seabed. Now they are just lying on rubbish heaps in Tukao. I was advised by the Madam Mayor that you can buy one for \$1. Rope is just piling up, unused. So for me my heart aches that we have reached this situation today because these are good resources just looking at people.

But we cannot just consider that these funds are not being returned through investment. We cannot continue doing business the way we used to do. I do believe that will be totally irresponsible and a waste of public funds. Although I am the Member for Manihiki I cannot allow this.

That is why I look at this new proposal to support it. Maybe we will better utilise public funds. I did explain when I introduced the Bill, it is not as if this has been stopped. This is a new way of trying to better utilise public funds as well as the hard effort of farmers.

The main idea explained to me by farmers, the funds of the people are being expended mainly on those working in the office and the very place that assistance is required is

not being done. The mandate of CIPA at the start was for them to market pearls globally.

I remember two workshops that were conducted for farmers. When we heard of this dream that is where the name Avaiki Pearls derived from but it never went anywhere. So how do we justify this to our people as stated by the Member of Matavera? I take a different perspective. For me we are not abandoning the Pearl Industry. I have been impressed by the active farmers that they need the pearl exchange to continue and they also need the scientific assistance and advice from MMR to continue.

We made a commitment that those functions will continue but under the umbrella of MMR because the reality now is, in Manihiki it is MMR that is supporting the pearl farming industry. They are giving technical scientific advice, lagoon monitoring, but you know they have identified that one of the biggest needs for the farmers now is technicians. Yes, that is what they are looking for because at the moment there is only a Japanese technician who comes there and has his own group of farmers to seek their pearls. CIPA cannot help them provide that. MMR can. But the truth is this, MMR has run so many workshops, training schools for budding technicians in Manihiki and so far there is only two that are still active in Manihiki. One is young Sam Karaponga and the other is his sister, Mehau. They are very good technicians.

My wife and I invested in these two, because we could see future for them. Sadly, some Manihikian farmers came out publicly and said, no we are not going to waste our shells for these two to learn how to seed. That is how we develop local talent. It is part of the sacrifice to invest in that way.

So, Honourable Members and Madam Speaker, we are not walking away from the Pearl Industry. As I read in my introductory comment, the Ministry of Marine Resources is looking at ways to come up with a new strategy, to invigorate and to make this industry grow. While they do, we need to maintain those very functions that are useful and supportive of the Pearl Farmers right now, including the Pearl Exchange.

I want to pose a question to all of us. How can we better help people who need help? Can we help them better by going through an intermediary or can we help them much better by going directly to them. This is one of the grudges of the farmers in saying why are the funds going through to the staff of CIPA (Cook Islands Pearls Authority), as there are no work being done and why does it not come direct to the farmers. For me, that is an option that is very much on the table.

I would rather see money go directly to where it is needed than to go to employing people to sit on their butts in the office. I am also pleased that MMR (Ministry of Marine Resources) has agreed to take on these responsibilities to make sure that the help that our farmers need, will continue to be available.

So I am asking for our support for this, to help our people whom are willing to improve. This is not an idea of politics. Maybe some of you will say that I should be careful with what I say because I am the Member for Manihiki. My people know that resources are piling up on this island and all they need to do to access is just to lift their fingers and do the work. That is what is available under this new arrangement.

So I ask for your support for this Bill so we can have this new chapter in giving assistance to our Pearl Farmers in Manihiki.

Thank you, Madam Speaker and thank you, Honourable Members.

MADAM SPEAKER: Thank you Prime Minister.

I will put the Question:

That the Bill be read a Second time?

Motion agreed to

CLERK AT THE TABLE: Long Title: Ministry of Marine Resources Legislations Act 2019

MADAM SPEAKER: I will now resolve Parliament into the Committee of the Whole to go through the Bill.

I will seek leave to take the Bill through the Parts after Clause 1 and 2.

(Leave granted)

COMMITTEE OF THE WHOLE HOUSE

MADAM CHAIRMAN: I will begin with Clause 1.

Clause 1: Title

Clause 2: Commencement

I put the Question:

That ClauseS 1 and 2 stands part of the Bill?

Motion agreed to

Part 1: Preliminary Matters

I put the Question:

That Part 1 stands part of the Bill?

Motion agreed to

Part 2: Amendments to Ministry of Marine Resources Act 1984.

Motion agreed to

MADAM CHAIRMAN: Honourable Members, may I remind you when you sit in the House that you must vote.

Part 3: Disestablishment of Cook Islands Pearl Authority.

I put the Question:

That Part 3 stands part of the Bill?

Motion agreed to

Part 4: Amendments to other Acts.

I put the Question:

That Part 4 stands part of the Bill?

Motion agreed to

Schedule: Transitional Savings and Related Provisions.

I put the Question:

That the Schedule stands part of the Bill?

Motion agreed to

Long Title: Ministry of Marine Resources Legislations Act 2019

I put the Question:

That the Long Title stands part of the Bill?

Motion agreed to

I beg your pardon, just back a little bit, I now resolve Parliament into the Committee of the Whole. No, no let us just take a pause.

I call the Minister to report the progress of the Bill to Parliament please.

HON. H. PUNA: Madam Speaker, I am pleased to report:

That the Bill passed through the Committee of the Whole very smoothly

MADAM SPEAKER: I put the Question:

That the Report be adopted?

Motion agreed to

MADAM SPEAKER: I call the Minister for the Third Reading please. Before we do that, I see the Leader of the House you have the Floor.

MR T. ELIKANA: Madam Speaker, I rise to move:

That this Honourable House continue with the Sitting until the following Bills has been passed through the House or is completed

These are the Ministry of Marine Resources Amendment Legislation Bill.

MADAM SPEAKER: Honourable Member, you will need to suspend the Standing Orders that call for us to stop at 5.00 p.m please.

MR T. ELIKANA: Thank you Madam Speaker. I rise to move:

That Standing Order 54 be suspended to enable this Parliament to continue with the following Bills until they are completed

MADAM SPEAKER: Is there a Seconder?

MR T. ELIKANA: I need to go through the Bills so we are very clear. The Ministry of Marine Resources Bill, Cook Islands Investment Corporation Amendment Bill, Airport Authority Amendment Bill, Bank of the Cook Islands Amendment Bill, Ports Authority Amendment Bill, Te Aponga Uira o Tumutevarovaro Amendment Bill.

MADAM SPEAKER: Honourable Leader of the House, I am going to interrupt you. It seems we have a broadcasting problem. Just give us a few minutes. Parliament will suspend until such time that the broadcast is back on line and the bell will ring to return us to the Sitting.

Sitting suspended at 5.00 p.m.

Sitting resumed at 5.15 p.m.

MADAM SPEAKER: Honourable Members, please be seated.

Parliament is resumed. When we suspended, the Leader of the House was on the Floor and you may continue.

MR T. ELIKANA: Yes, Madam Speaker before we took the break, I was trying to move a Motion for the suspension of Standing Order 54 to enable this Parliament to continue sitting until such time that the following Bills has been completed. And that Madam Speaker, is the Ministry of Marine Resources Bill, Cook Island Investment Corporation Amendment Bill, Airport Authority Amendment Bill, Bank of the Cook Island Amendment Bill, Ports Authority Amendment Bill and the Te Aponga Uira o Tumutevarovaro Amendment Bill.

Due to uncertainty of the time that it will take Madam Speaker, I also move:

That we should take a break at 6.30 p.m. and come back at 7.00 p.m. and continue to the extent necessary to complete those Bills

MADAM SPEAKER: Is there a Secunder for the Motion?

Seconded by the Honourable Deputy Prime Minister, Mark Brown

I put the Question:

That the Motion be agreed?

Motion agreed to

We will continue with the Ministry of Marine Resources Legislation Bill, I see the Honourable Leader of the House.

MR T. ELIKANA: Yes, Madam Speaker, I think we have just rearranged the Business of the Day, so I seek a Motion for the suspension of Standing Order 64 as we have rearranged the Business of the day.

MADAM SPEAKER: Were you putting a Motion forward, no. The Government can rearrange its business as it wishes and I also give leave for that.

Let us go back to where we were before suspension and that was on our Ministry of Marine Resources Legislation Bill 2019. I believe we did not finish the report back from the Prime Minister and so I will put the Question:

That the Report be adopted?

Motion agreed to

MADAM SPEAKER: I call the Minister for the Third Reading of the Bill.

HON. H. PUNA: Thank you Madam Speaker. Honourable Members, I stand to move:

That the Bill be now read a Third time

MADAM SPEAKER: Is there a seconder please?

Seconded by the Honourable Minister, Rose Brown

I put the Question:

That the Bill be now read a Third time?

Motion agreed to

CLERK AT THE TABLE: Long Title: Ministry of Marine Resources Legislations Act 2019.

BILL READ A THIRD TIME

MADAM SPEAKER: Honourable Members, that completes the First, Second and Third Reading of the Ministry of Marine Resources Legislation Bill 2019.

We will now go to Orders of the Day.

ORDERS OF THE DAY

That is on the Cook Islands Investment Corporation Amendment Bill 2019, and I call on the Minister for the Second Reading of the Bill please.

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

That the Cook Islands Investment Corporation Amendment Bill
be read a Second time

Madam Speaker, this is one of a suite of Bills that Members will have before them all relating to our State Owned Enterprises, SOEs and Members will recall last week we had a suite of Bills before us from the Finance Industry and the amendments in all of those Bills are very, very similar. This is exactly the case with this suite of five Bills that is before us, Madam Speaker.

In the Finance Bill, that we had last week the specific area of amendment related to taxation and the removal of exemptions to taxation. However, these Bills before us relate again to one matter and that is to do with the governance and strengthening of the governance by ensuring consistency across all of these Boards in terms of the appointment of Board Directors and also the numbers of Board Directors on each of these Boards.

Members will recall that the subsidiaries SOEs Acts were passed well before the parent Act of the Investment Incorporation. This resulted, Madam Speaker in a number of inconsistencies across the Boards, different numbers of Board Members, different qualifying criteria to be on the Board and in some cases different terms and tenure of the Directors of these Boards.

So, there is much needed overdue updating of the core legislation that will help set a firm foundation for strong governance of our State Owned Enterprises. And these Amendments, Madam Speaker, are timely as our country approaches graduation because it brings us into line with best practice governance globally but also makes us well placed to develop our own fit for purpose governance models.

Strong governance contributes to strong well performing SOEs, which in turn contribute to a well performing government. These Legislative Amendments, Madam Speaker, are part of a major piece of work that the CIIC has undertaken over the past four years to strengthen the capability of our SOE Boards. The amendments in all of these pieces of Legislation are more or less the same for all the Bills and like we did last week, the Members when they do make their statements on the principles and merits would be much appreciated that they can comment freely on any of these five Bills.

Members will be aware that Board Directors for the subsidiary SOEs Te Aponga, Ports Authority, Airport Authority and the Bank of the Cook Islands, their Board Directors are appointed by the Board of Cook Island Investment Corporation. However, the Board of the CIIC is appointed by the Minister Responsible for CIIC with the concurrence of Cabinet. Otherwise, the same principles for the amendments are consistent across all of these pieces of legislation.

The specific clauses within these Bills, I will refer to now and this is to do with modernising some of the language that are used in the different Bills and standardising them. The term CEO, is introduced to describe the Chief Executive Officer of these Authorities to replace the older term of General Manager.

The definition of Corporation is much more clearly defined. There is a clear definition that the Minister Responsible for the Cook Islands Investment Corporation in the Act is the Minister with the authority given by the Prime Minister who will be responsible for the Investment Corporation. All of the Boards including the Investment Corporation Board will now have a membership of consisting between no less than five and no more than seven Board Members.

Members will be aware that some of the Boards, currently Investment Corporation, only has three Board Members, Te Aponga only has three Board Members, Airport has seven Board Members, so there are inconsistencies across these Boards which we are now standardising. The one exception is the one Member of the Board appointed to the Investment Corporation on the recommendation of the Minister as a person with socio-economic experience.

There is also a requirement for the Boards to include persons of different gender so it is not just women on the Boards. And there are established criteria for requirements to qualify as a Board Member.

In terms of tenure on any of these Boards, a Member can be appointed for a term not exceeding three years but can be reappointed as a Director to serve not more than twelve successive years.

There is a definition that any Board Member must be at least 21 years of age and in the interests of trying to attract suitably qualified people to take on Directorship roles, the Cook Islands Investment Corporation will be developing a data base to enable Cook Islanders to register as a potential Director on any of the Government Boards.

There are also qualifications which can disqualify a person from being considered for a Board position or being removed from a Board and these include medical incapacity or any condition that can impair a person's judgment or intellectual capacity.

It also disqualifies any Member of Parliament from being a Board Member. It disqualifies anybody convicted of a serious imprisonment term. It disqualifies people who have owned companies that have been into receivership or liquidation and it applies to people who have their primary place of residence here in the Cook Islands.

Under the policies that have been adopted earlier on this year in February, there is also room to consider Cook Islanders who have the appropriate skills but are based overseas

to also be Members of Boards. And these are examples that we have today on our Boards. For example, Karen Rangi, a professional Board Director based in New Zealand but very much a very strong passionate Cook Islander wanting to contribute to our country on the Investment Corporation Board. Another one is Richard Williams, the son of Dr Joe Williams whose expertise in cables, cable networks has seen him appointed to the Avaroa Cables Board and no doubt other members of Boards now today who are there by virtue of their experience and their ability to contribute to the governance and strengthening the governance of our Government Boards.

There are also rules and procedures for conduct of meetings by all of these Boards which must be adhered to and understanding by Board Members of the confidentiality of information discussed at Board meetings and an Interest Register which all Directors must comply with and fill in who declare their interests.

There are certain clauses again in here Madam Speaker, which improve the performance of, in particular, the CIIC Board including the sections dealing with the appointment of the CEO and the appointment of both employees and contractors and the authority.

It also allows the Board to delegate its powers and for the CEO to delegate his or her powers as required.

In addition Madam Speaker, Clause 10 in the CIIC Act deals with the personal liability of Directors on these Boards and, finally, Madam Speaker, the joint administration of these Acts between Investment Corporation and their subsidiary SOEs.

Therefore, Madam Speaker, these raft of Bills as I said are aimed at standardising specifically the Board Directors in strengthening the governance of our Investment Corporation and its subsidiary SOEs. Already, the Investment Corporation has undertaken significant capacity building and training of Directors to enable them to act strongly and more appropriately in their governance roles as Directors. These Bills and these amendments, Madam Speaker, allow further strengthening of our governance procedures to allow our Boards to operate more effectively.

With those words, Madam Speaker, I commend these Bills before the House.

Thank you very much.

MADAM SPEAKER: Thank you. Is there a Seconder for the Motion?

Secinded by the Honourable Prime Minister, Henry Puna

The Honourable Tina Browne has the Floor.

HON. T. PUPUKE BROWNE: Thank you Madam Speaker.

Prior to the Motion that was moved, I had asked that time be given for the Opposition to familiarise themselves with all the five Bills and the reason for that of course is that these Bills were delivered to us on Saturday, presented to the House today at lunch, and now we are going straight into Second Reading.

I would like to draw the difference between the finance Bills that we passed last week. The Opposition attended the workshop on the finance Bills. It was a most helpful workshop and the presentation from Alan Taylor led us to ask the questions and we got the answers. So by the time Parliament sit on Monday, the Opposition had formed a position with regard to how it wanted to deal with all the five financial Bills and as we know, all Bills went through smoothly.

While these five Bills were also included on the workshop agenda on Day 2, they were included on the basis that they may not be completed in time. We went through the workshop, the Bills were not ready and therefore we did not have the opportunity like we did with the other Bills to receive a presentation from the presenters of the Bill.

It is not our duty in the Opposition just to accept the explanation put to the Opposition in this House, and I can indicate to the Government that over the weekend, I have had to photocopy the Principal Acts and its Amendments in relation to each of these Bills. The reason one needs to do that is so that we will know what the position is now and what we are hoping to change it into. And unlike Government, you have the benefit of Crown Law advising you, whereas the Opposition do not have such privilege, or we do not have the benefit of Crown Counsel and so we have to rely to someone's legal skills and that cannot happen within the few hours that we have had today.

In my view, it is not responsible to expect Opposition to make informed comments in respect of each of the five Bills. It may very well be that if we have the promoters of the Bill and we ask them of the questions, it may very well be that there will not be any opposition to the Bills. But to rush these Bills the way it is being rushed, it will not attract any comments from us because we do not know what it is all about.

For example, when you go to the Explanatory Note, it talks only about two things, modernise and then to make other reforms to the arrangements governing Directors. In the very time that I have had since yesterday, that is not all that is happening and I think the Minister in Charge has already referred to it. He deals with it in the form of being consistent and the reason for that, in the CIIC Board, you only have three Board Members now and the intention is to increase that five to seven. We would have wanted to ask the questions of the promoters and the Minister if we were in the same room, why are we not making it consistent to three Board Members rather than pulling it to seven Board Members.

These are the questions we can never ask because this is not the place to ask it. We say our bit and then the Minister says his speech in response and then we go to the next step. I realise, and I am keen to ensure that we finish Parliament tomorrow. If we are worried about timing, then lessen our Merry Christmas speeches to our constituents. This is important for us.

So my request is, please give us time to look at these Bills. This can be achieved by allowing us that time tonight. The presentation that was supposed to have been given at the workshop by Lloyd Miles was made available to us at 1.00 p.m. this afternoon. The Opposition is prepared to meet with Mr Miles and have a discussion with him so that when we resume, you will have a firm position from the Opposition. If we are going to continue with the debate, I am not quite sure what it is that we are going to

debate because we do not know what it is. Unfortunately, and with respect, we are not about accepting what anybody says, we need to check it out ourselves.

MADAM SPEAKER: Thank you Honourable Member. I see the Prime Minister, you have the Floor.

HON. H. PUNA: Madam Speaker, as the Secunder of the Motion, but without having spoken earlier, can I claim my right to speak now please?

MADAM SPEAKER: You certainly may.

HON. H. PUNA: Madam Speaker, I agree wholeheartedly with the nice political speech by the Leader of the Opposition. We do not want to be seen to be ramming this thing down their throat or the throat of our people and I think it is inconsistent with the spirit that has been on display in this House since we started this Session. So, I do agree that the Opposition must be given an opportunity to ask questions of the promoters of these Bills, and I think we can manage that tomorrow morning if that timing is alright with the Leader and Members of the Opposition.

So, the suggestion is, if agreeable to all Members of this House, that we do adjourn now and organise for the Legal Adviser from CIIC along with one or two Senior Officials, to meet tomorrow morning at a time to be specified by the Opposition to explain the merits and principles of this Bill so that when we come back tomorrow afternoon at 1.00 p.m, I expect the Opposition to support these Bills. But such an arrangement will also make sure that each Member of this House will have sufficient time to send Christmas greetings to our country and all your supporters. Those are my comments, Madam Speaker.

While I am still standing, I want to move:

That this Parliament adjourn now until 1.00 p.m. tomorrow afternoon

MADAM SPEAKER: Can I seek a Secunder please?

Secinded by the Honourable Member, Tina Browne

I put the Question:

That the Motion be agreed?

Motion agreed to

Parliament is adjourned until 1.00 p.m. tomorrow, Tuesday 17th. May I ask for somebody to lead us in a finishing prayer please?

CLOSING PRAYER

MADAM SPEAKER: Parliament is adjourned until 1.00 p.m. tomorrow Tuesday 17.

Sitting adjourned at 5.57 p.m.