

Report

# Investigation of Travel Rebate Entitlement and Other Matters

November 2010



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**Abbreviations used:**

ACC	Accident Compensation Corporation
APEC	Asia-Pacific Economic Co-operation
AUT	Auckland University of Technology
COP	Conference of the Parties
EA	Executive Assistant
F/Y	Financial year (ending June)
JP	Justice of the Peace
MP	Member of Parliament
na	Not available
NZ	New Zealand
PO	Post Office
PW	Pansy Wong
SPS	Senior Private Secretary
SW	Sammy Wong
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
Y/E	Year ending

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## Investigation of Travel Rebate Entitlement and Other Matters

### **Summary**

- 1 I have been asked to examine whether the use of Parliamentary Service funding by Pansy Wong and her husband Sammy Wong has been in compliance with the Speaker's Directions.
- 2 My primary findings are as follows:
  - There is no evidence of systemic abuse of the parliamentary international air travel entitlement by Pansy and Sammy Wong
  - There is evidence that the trip from Beijing to Lianyungang, China, in December 2008, involved activity by both Pansy and Sammy Wong that, although unplanned and inadvertent, could be construed as private business purposes, and I therefore recommend that they should each refund the level of rebate attributable to that trip, being \$237.06 each
  - With regard to all of the other international trips investigated I have no reason to believe that Pansy and Sammy Wong have not acted in compliance with the conditions set out in the Speaker's Directions regarding private international air travel
  - I have no reason to believe that Pansy and Sammy Wong have not acted in compliance with the conditions set out in the Speaker's Directions regarding domestic air travel
  - There is no evidence that the use of the address 735 Chapel Road, Dannemora, Manukau as the registered address for two of Sammy Wong's companies, has resulted in Pansy Wong's electorate office, which is located in the building at that address, being used for commercial business purposes.
- 3 My report sets out the information I have considered and the process by which I have reached those findings.

### **Purpose**

- 4 This report describes my investigation into the use of Parliamentary Service funding by Pansy Wong and her husband Sammy Wong, and sets out my findings with regard to compliance with the Speaker's Directions. My objective has been to undertake an investigation and prepare a report that is accurate and fair.

### **Scope**

- 5 My terms of reference are to undertake an investigation into the use of Parliamentary Service funding by Pansy Wong and her husband Sammy Wong in order to examine compliance with the Speaker's Directions. The investigation includes, but is not restricted to:
  - Their use of the entitlement to the private international air travel rebate
  - Their use of the entitlement to domestic air travel, and

- The use of an electorate office located at 735 Chapel Road, Botany, Auckland, as a registered office for commercial business purposes.
- 6 My investigation does not address, except in passing, matters covered by the Cabinet Manual or relating to any Ministerial travel.
  - 7 I have not addressed any systemic issues relating to the existence or administration of members' entitlements.

### **Deliverables**

- 8 The outcome of the investigation is a full report to the Parliamentary Service on my findings in relation to the use of the international travel rebate entitlement, and any other services and/or entitlements under the *Directions of the Speaker of the House of Representatives 2010*, by Pansy Wong and her husband.

### **Methodology**

- 9 The investigation was carried out by examination of information and records, and interviews with the parties involved including but not exclusive to Pansy Wong and Sammy Wong.
- 10 Pansy and Sammy Wong cooperated fully and frankly with me, and provided me with all of the information I requested. Also, Air New Zealand, Capital Travel, Ministerial Services, and Parliamentary Service staff, especially those in the Travel Office and the Finance Branch, were very helpful in sharing their information and knowledge.

## ***Speaker's Directions and Determinations***

### **2010 Directions**

- 11 The *Directions by the Speaker of the House of Representatives 2010* (the 2010 Directions), which came into force on 30 July 2010, set out the details of:
  - The travel, accommodation, and communications services that are to be provided for members
  - The funding entitlements of members and parties, in respect of which the Parliamentary Service is to administer payments
  - The directions under which the Parliamentary Service must act when administering payments
  - The principles to be applied by members and parties in their use of the publicly funded resources specified in the document
  - Entitlements to services and funding for certain electoral candidates in the period between the close of polling day and dates when the results of the election are declared.
- 12 Previous versions of the Directions applied in 2007, effective from 1 December 2007, and in 2008, effective from 1 November 2008, while prior to that the rules were contained in the Travel, Accommodation, Attendance and Communications Services Determination that took effect on 1 November 2003.

13 The 2010 Directions also carry over from previous Directions the principles to be applied in the use of publicly funded resources by members and parties. These principles are:

- The principle of accountability
  - Ultimately, members are personally responsible for the way they and parties use the public resources entrusted to them
  - This personal responsibility cannot be avoided, even though delegations may exist for others to incur costs on a member's or party's behalf
  - Records about a member's or party's use of public resources should be kept to facilitate scrutiny if required
- The principle of appropriateness
  - Expenditure must only be incurred in respect of parliamentary purposes
- The principle of openness
  - Members and parties must be open in the use of public resources and disclose any conflict of interest in utilising entitlements, whether that conflict is pecuniary, personal, familial, or as a result of any association
- The principle of transparency
  - The reasons for, and circumstances surrounding, the use of public resources by individual members or parties should be publicly available
  - The process by which funds are expended should be publicly known
- The principle of value for money
  - When using public resources entrusted to them to perform their official duties, members and parties must seek the appropriate value for money in the circumstances
- The cost-effective principle
  - Wherever reasonably practicable, members should use the most cost-effective alternative available

## Directions relating to International Air Travel

### *Rebates on Private International Air Travel*

14 The latest rules were set out in clauses 3.13 and 3.14 of the 2010 Directions. The level of the rebate remained unchanged since its introduction, as follows:

Schedule of rebate applicable		
Number of complete Parliaments through which the member has served (if the member was elected at a general election)	Number of complete years member has served (if the member was not elected at a general election but during a Parliamentary term)	Percentage of fare payable by Vote: Parliamentary Service (%)
Less than 1	Less than 3	Nil
1	3-5	25
2	6-8	50
3	9-11	75
4 or more	12 or more	90

- 15 The evolution of the Speaker's Directions since 2003 as they relate to rebates on private international air travel is set out in Annex 1.
- 16 A rebate was provided for private international air travel for a member and for the member's partner or spouse. The rebate was not payable where a fare was paid from public funds or from another source, and no rebate was payable in respect of any travel undertaken for private business purposes. The fare to be rebated included any tax or service fee payable and did not include any amounts paid for cancellation fees or accommodation.
- 17 In 2010 the provisions relating to private air travel were amended to avoid doubt by clarifying that the rebate applied whether the travel was undertaken for private purposes (other than private business purposes), for parliamentary business, and for both private purposes and parliamentary business.
- 18 My understanding of this change is that it made explicit what had been occurring anyway, i.e. that members, and often opposition members in spokesperson or representational roles who do not have the benefit of Ministerial travel, were using the private travel entitlement to undertake travel for parliamentary business, and not strictly for personal travel.
- 19 The 2010 Directions also clarified that the rebate applied to spouse or partner travel where the member travelled with the spouse or partner, the purpose of the travel by the spouse or partner was to join the member overseas, or the member joined the spouse or partner overseas, and also applied where a spouse or partner returned from overseas separately from the member.
- 20 My understanding of this provision is that it introduced a limitation on the ability of spouses and partners to undertake travel independent of the member. This suggests to me that prior to this change such independent travel would have been consistent with the Directions, along with the travel circumstances now provided for in the 2010 Directions.
- 21 These directions have now been terminated (November 2010).

*Other Directions Affecting International Air Travel*

- 22 The Speaker's Directions have a number of other provisions relating to international air travel, including international air travel on parliamentary business, and ongoing travel entitlements available to former members.
- 23 Under clause 3.10 of the Speaker's Directions 2010, where international air travel is undertaken for parliamentary business and the trip has been approved by the member's party leader and the Speaker, then the costs of the travel are met from the party's Party and Member Support appropriation and are charged against the leadership funding allocation. Clause 3.11 provides that the spouse or partner of a member travelling under clause 3.10 may be similarly charged. Clause 3.12 makes provision for additional travel by the Leader of the Opposition, who may be accompanied by his or her spouse or partner.
- 24 Members elected for the first time at or after the 1999 general election receive no travel entitlement on leaving Parliament, while former members'

travel entitlements are frozen at the level for which he or she qualified at the end of the 2005-2008 term of Parliament.

- 25 The rules around the payment of rebates for former members' travel are similar to those applying to current members' private travel, including that no rebate is payable where a member's fare is paid from public funds or from any other source, and no rebate is payable in respect of any travel undertaken by the former member for private business purposes. However, where a journey is undertaken for a mixture of personal and private business purposes, the rebate is payable in respect of any portion of the fare that is an additional cost to that which would have been incurred had only the business part of the journey been undertaken. There are also limits on the total amount paid each year to former members by way of rebates.

### **Directions Relating to Domestic Air Travel by Spouses and Partners**

- 26 Under clause 3.7 of the 2010 Directions, a member may travel by air at any time on scheduled air services throughout New Zealand. Under clause 3.8, the spouse or partner of a member may travel by air at any time on scheduled services, provided that the travel is not for private business purposes. The same provisions have applied in earlier Directions and Determinations.

### **Directions relating to the Use of Electorate Offices**

- 27 Entitlements to Party and Member Support funding are covered in part 4 of the 2010 Directions. This funding is split between:
- Leadership funding, to fund the leader's office
  - Party and group funding, to fund the whip's office and research operations
  - Individual members' support funding, varying amounts set for constituency members in Maori electorates above a certain size, other large electorates, other constituency members, and list members.
- 28 The funding is to be used to provide services and resources for the purposes of supporting parties and members (and electoral candidates in certain situations), as set out in clause 4.12, while the services and resources must be provided in accordance with part 5 of the 2010 Directions, and may not be used:
- For anything that is not for a parliamentary purpose, or
  - For ministerial business or anything undertaken in the capacity as a member of the Executive, or
  - In circumstances where provision has already been made by way of remuneration of a member, pursuant to a determination applicable to member of Parliament under the Remuneration Act 1977, or section 20A of the Civil List Act 1979, unless that determination expressly provides that the cost for a provision is a charge against party and member support funding.
- 29 The purposes for which services and resources can be used for supporting parties and members, as set out in clause 4.12 include:
- Discharging their responsibilities as legislators and elected representatives

- Developing, researching, critiquing, and communicating policy
  - Communicating with constituents and other communities of interest, including:
    - Promoting or providing details of services offered to the public
    - Providing material of an informational nature to inform the recipient of parties' or members' views on public issues of the day
    - Providing information about parties' or members' activities
  - Meeting the operational needs of each party in fulfilling its parliamentary responsibilities.
- 30 Part 5 of the 2010 Directions sets out the rules governing the administration of the payment of funding entitlements. Clause 5.18 sets out the requirements concerning members' out-of-Parliament offices, including a requirement that they meet minimum criteria concerning health and safety and security of staff, and may not be in the home of a member or Parliamentary Service staff member (although an exemption from this requirement can be sought).

### **Definition of “private business purposes”**

- 31 Clause 2.4 of the 2010 Speaker's Directions sets out definitions, including:
- “private business purposes” means purposes on behalf of a person's own business interests, or on behalf of the business interest of any other person, trust, company or organisation.
- 32 The same definition appeared in previous Speaker's Directions in 2007 and 2008, and in the 2003 Parliamentary Travel, Accommodation, Attendance, and Communications Services Determination.

### **Advice to Members**

- 33 I have checked on the advice provided to members about their entitlements and their responsibilities in relation to them. Following the 2008 election, the Parliamentary Service produced *The members' guide to services and entitlements* (the Guide), which was provided to all new and returning members. The Guide was designed to give members an overview of the services and entitlements provided by the Parliamentary Service, but it was pointed out that it was a guide only and it was recommended that members consult the references identified in the guide (e.g. the Speaker's Directions, and the Financial and Administrative Policies and Processes), or seek advice from the Parliamentary Service for further details.
- 34 In outlining members' accountability, the Guide pointed out that a member's role is subject to constant public scrutiny, and that members are individually accountable for their use of services and entitlements, and must be able to certify that usage within the rules. The principles approved by the Speaker were listed - accountability, appropriateness, openness, transparency, value for money and cost effective. It was pointed out that in deciding whether or not to access taxpayer funded entitlements it was advisable for members to adopt a risk assessment approach by asking:
- Is it within the rules?
  - How would it look?

- Is it defensible?
- 35 The Guide notes the purposes for which an out-of-Parliament office is provided - the place where a member provides services to constituents and/or undertakes research and policy work for parliamentary purposes - and sets out the criteria required before costs of such offices can be met from the member's support allocation. It notes that members must make separate lease agreements with the landlord for any area of the out-of-Parliament office that is not used for parliamentary purposes, and Parliamentary Service staff should not work in that space during the hours that they are employed by the Service.
- 36 The Guide sets out the rules governing domestic travel, i.e. that members may travel at any time on scheduled air services, and a member's spouse or partner has a similar entitlement as long as it is not for their own business purposes.
- 37 The rules governing rebates for international air travel entitlement, as they operated at the time of the publication of the Guide, are also set out, noting that the criteria to be met were that the travel was paid for by the member personally and that the travel was not for a private business purpose. It was also noted that a member's spouse or partner was entitled to the same rebate as the member, provided that the travel was on a scheduled airline and was not for private business purposes.
- 38 The Guide advised that reservations for travel should be made through the Parliamentary Service Travel Office, and contact details were provided.
- 39 The *Financial and Administrative Policies and Processes* sets out the respective roles and accountabilities of members and parties and the processes relating to expenditure. The glossary to this document notes that members are automatically members of Air New Zealand's AirPoints Dollars Reward Programme as a benefit of the complimentary Koru Membership provided by Air New Zealand, unless a member specifically contacts AirPoints and declines this. The Qantas Chairman's Lounge pass provides membership to the Qantas Frequent Flyer programme. The glossary entry notes that members, spouses and partners are strongly encouraged to use any air points earned from Vote funded sources to offset travel costs (domestic and international) that would otherwise be a charge to the Vote.
- 40 Pansy Wong has confirmed that she is familiar with the Speaker's Directions and the rules around the international travel rebate, noting that in 1996 when she was first elected it was originally presented to her as effectively part of the remuneration package.

### ***Sammy and Pansy Wong's Business and Other Interests***

- 41 Because it is relevant to the consideration of all of the matters in my terms of reference, I sought to obtain an understanding of the extent of any business interests and activities of both Sammy and Pansy Wong.
- 42 I would note that it is my impression that Sammy Wong's business activities have been consciously limited, with priority given to his wife's political career and the need to minimise potential conflicts of interest.

## **Business Activities**

### *Education Agency*

- 43 Providing services as an education agent: student referrals to universities through Sampan Enterprise Limited. Sampan Enterprise Limited has held agencies for Massey, AUT and Lincoln, and has worked with ISIC International Student Service Center Corporation Limited in providing potential students with information and advice about studying at universities in New Zealand. Successful placements of students earn a commission that was split with ISIC. The agency has focused on placing international students already in New Zealand.

### *Educational Software*

- 44 The sale of software: EyeSpeak is software to develop the listening and speaking skills of English learners, developed by Visual Pronunciation Software Ltd of Christchurch. Sammy Wong has worked on the promotion and sale of EyeSpeak through schools, and has received commissions on successful sales. He has not actively promoted the product in Asia.

### *Consultancy and Advisory Services*

- 45 Consultancy and advisory services for clients: ranging from accounting to planning and control, and including an agricultural project in Vietnam. Sammy Wong has also provided advice to new Chinese migrants interested in developing business ideas on the export of wine, water, juice, milk powder and health products.
- 46 Income is derived from fees and commissions, although in many cases this depends on whether any actual business develops, and these activities have not been a significant source of income.

### *Hovercraft*

- 47 Minority shareholdings: in Pacific Hovercraft Ltd, originally of Christchurch, and in Lianyungang Supreme Hovercraft Ltd, of Lianyungang, China; chairman of Lianyungang Supreme Hovercraft Ltd.
- 48 Sammy Wong has been a minority shareholder in Pacific Hovercraft since the company's founding in Christchurch about twelve years ago, originally through himself or Sampan Enterprise Ltd, but latterly through NZ High-Tech Enterprises Ltd.
- 49 Stephen Preest, who founded and ran the company, moved the operations to Malaysia but ran into difficulties there, including a court dispute, and asked Sammy Wong for ideas on what to do next. The outcome was that Sammy Wong introduced Stephen Preest to Terry Yang as a potential investor. After these two visited China in January 2008 they decided to go into business together, and around April 2008 established Lianyungang Supreme Hovercraft Ltd in China to manufacture and sell hovercraft.
- 50 Sammy Wong has a minority shareholding but has played no active part in the management of Lianyungang Supreme Hovercraft Ltd, of which Terry Yang is the managing director and Stephen Preest is (or was) the technical director. The company is managed by the general manager, Mr Huang, and his team. Sammy Wong was asked to be the chairman of the board to enable communication between Terry Yang and Stephen Preest at the board level.

- 51 When problems began to develop between Terry Yang and Stephen Preest and also from the inability of the Chinese staff to understand Stephen Preest's requirements, Sammy Wong was called upon by Terry Yang to help relate to him and the staff the technical and operational problems faced by Stephen Preest, and to help Terry Yang understand why the problems could not be resolved. Sammy Wong has made a number of visits to China for this purpose. In the event, the difficulties appear to have proved irreconcilable, and court action is being pursued by Stephen Preest against Terry Yang.

### Company Directorships and Shareholdings

- 52 Sammy Wong has or has had an involvement with a number of New Zealand companies as a director and/or shareholder. Some of these companies are located in the Canterbury region and if Sammy Wong is not available to attend a board meeting an alternate director is used. The following table summarises his roles.

Company	Role	Registration
Alpine Investments (NZ) Ltd	Director and shareholder	1999-2006
Brookwater Holdings Ltd	Shareholder	2002
Contue Buffalo (NZ) Ltd	Director and shareholding interest via Sampan Enterprise Ltd	2008-2008
Elton Ltd	Director and shareholder	2002-2005
Home Improvement Products Ltd	Director	1976-1999
Interventures Ltd	Director and shareholding interest via Sampan Enterprises Ltd	2000
Lignotech Developments Ltd	Director and shareholding interest via Lignotech Investments Ltd	2000
Lignotech Investments Ltd	Director and shareholding interest via NZ High-Tech Enterprises Ltd	2000
Link-Up Ltd	Director and shareholder	1990-1996
New Zealand Green Enterprises Ltd	Director and shareholder	1999-2005
New Zealand Pure & Natural Ltd	Director and shareholder	2004
NZ High-Tech Enterprises Ltd	Director and shareholder	2000
NZ Sheep Genetics & Agri-Hitech Ltd	Director and shareholder	2010
Pacific Hovercraft (New Zealand) Ltd	Shareholding interest via NZ High-Tech Enterprises Ltd	1999
Sampan Enterprise Ltd	Director and shareholder	1988
Shiplely & Wong Ltd	Director and shareholder	2002

- 53 Sammy Wong has used Sampan Enterprise Limited as a vehicle for investing in companies.

### Non-business Activities

- 54 Sammy Wong is a Justice of the Peace (JP), and as such provides services including witnessing signatures, certifying documents, witnessing Land

Transfer and other documents, and taking declarations, affidavits or affirmations. All JP services are provided free of charge and no JP may accept or ask for any payment or gift.

- 55 After moving to Auckland, Sammy Wong became part of the JP roster at the Queen St Citizens Advice Bureau. He has now joined up with the Botany JP network and will be doing the Thursday evening roster at the Botany Town Centre Library. In November 2010 the electronic Yellow Pages JP entry for Sammy Wong did have the address of 735 Chapel Rd, and his home telephone number, but this entry has now been removed. On some occasions the downstairs meeting room at that address was used for JP duties.

### **Pansy Wong's Pecuniary and Other Interests**

- 56 Before becoming a member of Parliament in 1996, Pansy Wong was an accountant and professional director. Her former occupations include New Zealand Tourism Board Director, Trust Bank Canterbury Regional Board Director, Healthlink South Crown Health Enterprise Board Member, Ventures Limited Chairperson, Christchurch Town Hall Board Chairperson, Smiths City Group Ltd Group Financial Controller, Ernst & Young Chartered Accountants Audit Supervisor, and Government Tax Simplification Taskforce Member.
- 57 Pansy Wong's involvement with community groups has included serving as NZ Chinese Youth Trust Founder and Chairperson, Asia:NZ Foundation Trustee, Lincoln University Council Member, University of Auckland New Zealand Asia Institute Advisory Board Member, University College of Business and Economics Advisory Board member, National Council of Women of NZ Inc. Finance Advisory Committee Member, Institute of Chartered Accountants Canterbury Westland branch Chairperson, Girl Guide Association of NZ National Finance Committee Member, Ferrymead Historic Trust Park Trustee, Garden City Trust (Festival of Flowers) Member, Chinese Conservation Education Trust Patron, Asian Well Being Foundation Chairperson, and instigator of the first Chinese broadcasting programme, winner of the 1993 inaugural National Mobil radio awards for community access radio programmes, and organiser of the inaugural Oriental Extravaganza cultural show (involving six Asian ethnic communities) at the Christchurch Winter Festival of Arts.
- 58 Companies Office records indicate that Pansy Wong served as a director for the following companies:
- Sampan Enterprise Limited - 1990-2005
  - Healthlink South Ltd - 1993-1996
  - Lincoln Ventures Ltd - 1993-1997
- 59 Pansy Wong was also a shareholder in Sampan Enterprise Limited until 2005, and in Elton Limited from 2002-2005, both companies set up by Sammy Wong.
- 60 From 2006, members of Parliament have been required to register their financial interests. The requirements are set out in Appendix B of the *Standing Orders of the House of Representatives* (Standing Order). The Registrar of Pecuniary Interests of Members of Parliament publishes the *Register of Pecuniary Interests of Members of Parliament: Summary of Annual Returns* (the Register), and the entries for Pansy Wong are summarised below according to the categories in the Register.

*Interests (such as shares and bonds) in companies and business entities*

- 2006/2007/2008/2009/2010: Smiths City Limited; Christchurch Gondola New Zealand Limited
- 2009/2010: Broadway Industries [now Mercer Group Ltd]

*Organisations and trusts seeking Government funding*

- 2006/2007/2008: New Zealand Chinese Youth Trust; Asia New Zealand Foundation

*Real Property*

- 2006/2007/2008/2009/2010: Fendalton, Christchurch; Auckland City
- 2010: Cockle Bay, Manukau

*Superannuation scheme*

- 2006/2007/2008/2009/2010: Asteron Life Limited

*Debtors*

- 2006: Sampan Enterprise Limited

*Creditors*

- 2006/2007: G & B Taylor - mortgage
- 2008/2009/2010: ASB Bank - mortgage

*Overseas Travel Costs*

- 2009: Beijing, China - inaugural flight into Beijing, contributor to travel: Air New Zealand

*Gifts*

- 2008: Koru Club

- 61 The reference to Sampan Enterprise Limited as a debtor arose from when Pansy Wong was a shareholder of Sampan Enterprise and had contributed to the funding of investments by Sampan Enterprise in other companies. When Pansy Wong transferred her shares to Sammy Wong in 2005, money was left as owing to her, since Sampan Enterprise did not have funds to repay her.

## **Travel Booking Processes**

- 62 The process by which the rebated entitlement is managed is also relevant to my consideration and I have set out a description of my understanding of how it works. To assist my understanding of the process for booking travel both generally and in the case of the Wong's travel, I engaged with staff from the Parliamentary Travel Office, the Parliamentary Service Finance Branch, Air New Zealand and Capital Travel.

### **Booking Travel**

- 63 Members and their spouses are issued with Air New Zealand Travel Cards linked to their Koru Club or AirPoints card profiles, and to an individual cost code for each member and each spouse/partner. Bookings can be made by members or their spouses through the Parliamentary Travel Office, for domestic flights, or direct with the Air New Zealand parliamentary office (physically located next to the Parliamentary Travel Office) for international

travel. Bookings can be made through Air New Zealand ticket offices or through other travel agents, but will attract a booking fee, and may not result in the correct cost code being applied. Bookings can also be made online, in which case they would not attract a booking fee, for both domestic and international travel, and may also not have a correct cost code applied.

- 64 On the basis of information provided by Air New Zealand for bookings through them, the international air travel undertaken by Pansy and Sammy Wong is recorded as originated from Pansy Wong's Executive Assistant (EA) in her Wellington office. Email traffic for some, but not all, of the trips indicates that Sammy Wong emailed the EA requesting assistance in making arrangements and this was then passed to the Air New Zealand parliamentary office for bookings to be made. In some cases this involved checking of itineraries and other matters between Air New Zealand, the EA and Sammy Wong, and in many cases involved clarification of availability of flights and use of air points and upgrades, and of payments.
- 65 Email correspondence was also obtained from Capital Travel for the December 2008 trip for which they had made bookings. The request had originated in that case with contact from Pansy Wong's Senior Private Secretary (she was a Minister by that stage).
- 66 I should note that there appears to be nothing in the Speaker's Directions or any guidance material that would prevent a spouse or partner from initiating bookings for travel, particularly since they will have an Air New Zealand Travel Card linked to their Koru Club or AirPoints card profile.

### **Processing Rebate Entitlements for International Travel**

- 67 Once the booking is made a request for a warrant is received from Air New Zealand (or an invoice in the case of Capital Travel), which identifies the travel being undertaken, the costs involved, the level of personal payment and the level of the rebate amount to be paid by the Parliamentary Service.
- 68 On receipt of the request or invoice, the Parliamentary Travel Office prepares a travel warrant which specifies the name of the traveller, the rebate level and the designation of the traveller, i.e. whether current member, spouse of current member, former member, or spouse of former member. The travel details are noted in terms of locations and overall travel dates, along with the total airfare and the level of the member's contribution to arrive at the warrant value, and an approval code is entered. The warrant is signed by the Travel Office Manager or Team Leader, while domestic claims are processed by all Travel Office staff and there is a blanket sign-off by the Travel Office Manager. All claims are recorded on a spreadsheet.
- 69 In the case of an Air New Zealand booking, the travel warrant is returned to the Air New Zealand parliamentary office, who send it with their invoice to the Parliamentary Service Finance Branch. For Capital Travel bookings, the warrant and invoice are sent to the Finance Branch by the Travel Office.
- 70 On some occasions, members will pay direct for travel and will seek reimbursement at the appropriate level. The Travel Office will require relevant information such as the costs, ticket and itinerary, proof and form of

payment and of travel, before sending details of the reimbursement to be paid to the Finance Branch.

- 71 Travel requests by former members or their spouses/partners must be accompanied by a declaration that the travel is in accordance with the Speaker's Directions. There is also a need to ensure that claims are consistent with the annual limits on the level of entitlement for former members and their spouses/partners.
- 72 The Travel Office has in the past accepted at face value that members' and spouses' travel was for the purposes claimed, i.e. that it was not undertaken for private business purposes. However, a recently introduced requirement has been to provide a set of questions to be answered when a claim is submitted. When first introduced in March 2010 the questions sought confirmation that the travel was not paid from public funds or from any other source, and that the travel was not for private business travel. Following the amendment to the Speaker's Directions which took effect on 30 July 2010, additional questions were included relating to whether and to what extent the travel involved parliamentary business, and information to be provided if a spouse was travelling separately.
- 73 Capital Travel has advised that it is their policy never to assume that travel would automatically attract a rebate, and it determines the purpose of travel at the outset. Once tickets are issued, invoices are sent to the Parliamentary Service to initiate the process there for confirming and paying the rebate, but payment for the balance is obtained from the member or spouse immediately on ticketing.

### **Payment Processes**

- 74 Each month, the Parliamentary Travel Office receives from Air New Zealand an initial Travel Card statement, and the Travel Office and the Finance Branch undertake a reconciliation to ensure that the correct cost codes are applied and that the travel may be properly charged. The Finance Branch then sends the statement back to Air New Zealand as an amended version with corrected cost codes, and it is this corrected version that provides the basis for incorporation into the monthly finance reporting to members.
- 75 Once warrants and invoices are received by the Finance Branch they are paid out and the transactions recorded against the relevant code.
- 76 Each month, every member has available to them a Transaction Detail Report that sets out the transactions charged to them for the month. The member is then required to certify that the expenditure was for parliamentary purpose and not for electioneering. This system was introduced in 2008.
- 77 I have sighted the Transaction Detail Reports for June 2008 and December 2008 which include travel covered by my investigation, and which have been certified by Pansy Wong as being for parliamentary purpose and not for electioneering.

## ***Use of the International Air Travel Rebate***

78 My terms of reference required me to investigate the use by Pansy Wong and her husband Sammy Wong of the entitlement to the private international air travel rebate, and to examine compliance with the Speaker's Directions. To restate these rules, a rebate was provided for private international air travel for a member and for the member's partner or spouse, but was not payable where a fare was paid from public funds or from another source, and no rebate was payable in respect of any travel undertaken for private business purposes.

### **Scope**

79 Information provided by the Parliamentary Service Travel Office and the Finance Branch identified travel undertaken by Mr and Mrs Wong involving the rebate entitlement for private international air travel. For the period from the 2000/01 financial year until the present, there were 13 trips to be examined, 3 involving Pansy Wong travelling alone, 5 with Sammy Wong travelling alone, and 5 where they travelled together for all or some of the time.

### **Approach**

80 The approach I have taken is to examine whether the correct rebate levels were applied to travel made by Pansy and Sammy Wong to which a rebate was applied, and to determine whether the travel undertaken met the requirements regarding payment from other sources and travel for other than business purposes.

81 I have identified the dates and destinations of travel, and with the assistance of Mr and Mrs Wong have sought to identify the purpose of travel in each case. I have also looked at other travel undertaken by Mr Wong and the nature and extent of his business activities to help determine the likelihood that the requirements of the Speaker's Directions have not been met with regard to travel made with the benefit of the rebate.

82 In considering whether the Speaker's Directions have been complied with I have had to try to resolve a number of issues. These include:

- What is "private business" in this context?
- What is meant by "travel undertaken for private business purposes"? Does it cover only travel initiated and executed with the objective of carrying out private business?
- If some part of the trip does involve private business activity, whether foreseen or unforeseen, then does that taint the whole trip?
- If a member and spouse are travelling together for non-business reasons but one of them undertakes private business activities, then does this mean that the other's rebate is not compliant?

#### *Private business purposes*

83 As noted in paragraph 31 above, the Speaker's Directions define "private business purposes" as meaning purposes on behalf of a person's own business interests, or on behalf of the business interest of any other person, trust, company or organisation. The two elements of this definition are that the

purposes are on behalf of business interests, and those business interests are not limited to those of the person under discussion.

- 84 Business interests can cover a fairly broad range of activities. Given the context, the Register of Pecuniary Interests established in Standing Orders, provides some guidance, although its scope is broader than that of business interests. The Standing Orders, in the Annex on pecuniary interests, define a business entity as “any body or organisation, whether incorporated or unincorporated, that carries on any profession, trade, manufacture, or undertaking for pecuniary profit, and includes a business activity carried on by a sole proprietor”.
- 85 Based on these definitions and on the categories of pecuniary interest contained in the Register, the range of such interests that could be included in a review of business interests could relate to:
- Company directorships and controlling interests
  - Interests (such as shares and bonds) in companies and business entities
  - Employment
  - Organisations or trusts seeking Government funding
  - Real property (when held for pecuniary profit)
  - Any professional, trade or other activities carried out for pecuniary profit.
- 86 On the basis of this view, Sammy Wong’s business interests would include those of the companies in which he holds a directorship or shareholding, all of which are located in New Zealand with the exception of Lianyungang Supreme Hovercraft Limited, established in China in early 2008. He has also undertaken sales and consultancy and advisory activities in New Zealand and to a limited extent in Vietnam that would come under the category of professional trade or other activities carried out for pecuniary profit.

#### *Travel Undertaken for Business Purposes*

- 87 The questions raised here relate to whether it is envisaged that the travel must have private business as its sole objective, in order to be unavailable for the rebate, or whether some mix of business and other purposes is permitted, or whether any element of business purposes means that any other purposes become irrelevant.
- 88 The Speaker’s Directions as they relate to rebates for former members for travel on scheduled international air services do state that no rebate is payable in respect of any travel undertaken by the former member for private business purposes, but does go on to recognise that a journey can be undertaken for a mixture of personal and private business purposes, and provides that the rebate is payable in respect of any portion of the fare that is an additional cost to that which would have been incurred had only the business part of the journey been undertaken.
- 89 The rules governing the travel rebate available to current members and their spouses/partners do not include a similar provision. This suggests to me that if the purpose of travel to the destination where the business activities take place includes any business interests, whether combined with personal or other interests or not, then the exclusion from the rebate will apply.

- 90 However, I do not believe that the intention is that a traveller should not, while travelling, deal with matters that may arise back in New Zealand in relation to their business interests, e.g. taking telephone calls, sending and receiving emails, and even buying and selling remotely, where the business activity does not arise from the travel or the location. Rather, the private business purposes must relate to activities undertaken in the place being visited if they are to affect the ability to attract the rebate for the travel involved.

*Differentiation - Travel Sectors, Intentions, Travellers*

- 91 The question of any differentiation of travel sectors raises similar issues. Is it appropriate to draw a distinction between those parts of the trip that involve a business purpose and those parts that clearly do not, especially when they are clearly distinct in terms of destinations and purpose, and possibly booking arrangements, whether or not they form part of the same overall travel warrant?
- 92 Related to this is the question of differentiation of intention, and the impact of unforeseen or accidental business activities - if, on the last day of a holiday trip some unplanned encounter results in some sort of business activity being undertaken that affects the traveller's business interests, then does this mean that the full value of the rebate should be refunded?
- 93 The other area of differentiation relates to the travellers, and whether business activity undertaken by the member or spouse means that the other's travel then becomes travel undertaken for business purposes, whether or not they were an active participant in the business activity.
- 94 In my view, all of these areas of differentiation are matters to be determined on the facts of the particular case involved, and will take account of the purposes envisaged when the travel was booked and where, when, how, why and in what form the business activity concerned took place. This could also involve consideration of any activities undertaken during the trip that involve travel that is not covered by the rebate.
- 95 The key is to determine what is reasonable, bearing in mind the advice of the General Manager of the Parliamentary Service in the Guide that in deciding whether or not to access a taxpayer funded entitlement, members should ask of it is within the rules, how would it look and is it defensible. In the case of the international air travel entitlement those questions should apply at the time of booking the travel as well as at any point along the way where doubts might arise.

*Assessment*

- 96 Based on the points outlined above and the information available to me, my assessment of whether the payment of the rebate for individual trips complied with the Speaker's Directions will take particular note of the following considerations:
- Sammy Wong's overall business interests have been consciously limited, and are primarily located in New Zealand, with his Chinese business interests limited to the hovercraft company in Lianyungang
  - Sammy Wong has paid for his own travel where it has related to his private business interests

- Pansy Wong has herself no private business interests that are likely to raise issues in relation to the parliamentary rebate.

### Qualification for Rebate

- 97 Pansy Wong became a member of Parliament at the 1996 General Election when she was elected as a list MP for the National Party, and was New Zealand's first MP of Asian ethnicity.
- 98 After living in Christchurch for 28 years, Mrs Wong and her husband Sammy Wong moved to Auckland in 2002, where she won the seat of Botany at the 2008 election, thus becoming a constituency MP, and was appointed as a Cabinet Minister in the new National Government.
- 99 In terms of qualification for the international air travel rebate, the following table shows the level of Pansy Wong's entitlement over the years since her first election and the number of trips taken by her and her husband:

Y/E November	%	Trips
1997-1999	0	0
2000-2002	25	1
2003-2005	50	2
2006-2008	75	8
2009-2010	90	2

- 100 Having reviewed the dates of travel and the documentation provided by the Parliamentary Service I am satisfied that rebates were provided at the rates applicable under the Speaker's Directions.

### Context

- 101 In order to help my consideration of the consistency of the use of the international air travel entitlement with the conditions governing its use, I have looked at other travel undertaken by Pansy and Sammy Wong. I have also looked at the general pattern of use of the entitlement by all members, based on information developed by the Parliamentary Service for the Remuneration Authority. I have also taken account of the information provided by Pansy and Sammy Wong with regard to their travel, both generally and in relation to specific trips.

#### *Other International Air Travel*

- 102 On the basis of the information available to me, the following table identifies the number of trips taken according to whether the travel was subject to a travel warrant under the rebate scheme (the references in brackets are to the trips referred to in the Trip Analysis section below), was individual private travel paid for by Sammy Wong, was Ministerial travel undertaken by Pansy Wong, or was an inaugural flight provided by an airline and undertaken by either of them.

International Air Travel						
Financial Year	Parliamentary Rebate		Private	Ministerial	Inaugural	
	Pansy Wong	Sammy Wong	Sammy Wong	Pansy Wong	Pansy Wong	Sammy Wong
2000/01	1 (T13)	-	na	-	-	-
2001/02	-	-	na	-	-	-
2002/03	-	-	na	-	-	-

2003/04	-	-	na	-	-	-
2004/05	-	2 (T1, T2)	na	-	-	-
2005/06	2 (T3, T5)	2 (T3, T5)	na	-	-	-
2006/07	4 (T4, T6, T7, T9)	3 (T4, T6, T8)	2	-	-	1
2007/08	-	1 (T10)	3	-	-	-
2008/09	1 (T11)	1 (T11)	2	1	1	1
2009/10	-	1 (T12)	2	5	-	-
2010/11	-	-	-	3	-	-

103 Information on Sammy Wong's private trips since March 2007, confirmed from entries in his passport, indicates that:

- 2006/07, two trips:
  - April 2007: to Malaysia - Kuching and Sibul
  - June 2007: to China, returning via Sydney to meet up with Pansy Wong, trans-Tasman leg at least paid with air points
- 2007/08, three trips:
  - July 2007: to Thailand and Vietnam
  - September-November 2007: to China, Cambodia and Vietnam
  - April-May 2008: to Vietnam and Singapore
- 2008/09, two trips:
  - December 2008: to China, including travel to Lianyungang then to Hong Kong; linked up to Trip 11 (see Trip Analysis); then Hong Kong to Singapore and travel from Singapore to Auckland that was privately-funded
  - March 2009: to China, paid with air points
- 2009/10, two trips:
  - September 2009: to China
  - May 2010: to China.

104 On one of the Ministerial trips Pansy Wong was joined by Sammy Wong who was already in China, but no parliamentary travel subsidy and no extra costs were incurred. While approval was given for Pansy Wong to be joined by Sammy Wong on another Ministerial trip to China, again at no extra cost, Sammy Wong did not in the event take part in that trip. Pansy Wong was a Minister when the personal travel was undertaken in December 2008/January 2009, and therefore required Prime Ministerial approval to take the personal trip.

105 The inaugural flight in 2006/07 was by Air New Zealand to Shanghai. Sammy Wong was a guest of Air New Zealand, but Pansy Wong paid her fare and used the rebate. He returned via Hong Kong on 26 November 2006, Pansy Wong having returned on 12 November, also via Hong Kong.

106 The 2008/09 inaugural flight was by Air New Zealand and both Pansy and Sammy Wong were guests of Air New Zealand (Pansy Wong's travel was declared in the register of pecuniary interests). On this latter trip they flew out together on 18 July 2008, and travelled to Lianyungang, where Sammy Wong spent some time helping with communications over the hovercraft company. He has advised that this was his first visit to the company in Lianyungang. They then visited other cities before Pansy Wong returned via

Hong Kong on 26 July 2008. Sammy Wong returned on 9 August 2008, also via Hong Kong.

*Use of the International Air Travel Rebate*

- 107 The following tables are based on information provided by the Parliamentary Service, and place Pansy and Sammy Wong's international travel in the context of overall spouse travel. Note that these are the costs of the rebate.

<b>Member International Air Travel</b>		
<b>\$/User</b>		
<b>F/Y</b>	<b>Pansy Wong</b>	<b>Member Average</b>
2003/04	0	8553
2004/05	0	6237
2005/06	5566	8400
2006/07	14173	10405
2007/08	0	12006
2008/09	7372	8903
2009/10	0	5876

<b>Spouse/Partner International Air Travel</b>		
<b>\$/User</b>		
<b>F/Y</b>	<b>Sammy Wong</b>	<b>Spouse Average</b>
2003/04	0	3439
2004/05	2529	6109
2005/06	10464	8166
2006/07	10679	9551
2007/08	1520	8985
2008/09	1286	8598
2009/10	0	4466

- 108 These tables show that Pansy Wong has generally taken less advantage of the rebate than her colleagues, spending below the average with the exception of the year she attended the funeral of Sammy Wong's brother in the USA. Similar findings apply with regard to Sammy Wong's travel, except for 2005/06 when he was above the average for spouse use of the rebate.

*Reasons for Travelling*

- 109 With regard to his travel to Asia and to China in particular, Sammy Wong explained that, in part through Pansy Wong's role, he meets a lot of Chinese dignitaries, officials and other visitors who come to New Zealand, as well as Chinese migrants who have returned to China, and they often invite him to visit their city or province. He follows up on those invitations to maintain links, and takes opportunities to visit different parts of China to see and visit friends and tourist sites. He has good friends who live in Shenzhen, Beijing, Shanghai, Nanjing and Ningbo, and he visits them whenever possible.
- 110 Sammy Wong explained that when travelling he was often asked for information about New Zealand and about investment or business opportunities that might be available, but these were not commercial activities for him. Sammy Wong also advised that he had made trips to Asia,

including China and also Vietnam, that he had paid for himself where they were more likely to involve business as opposed to personal travel.

- 111 Sammy Wong does have an APEC Business Card, which provides business travellers with streamlined access through express immigration clearance and the relaxation of visa and entry permit requirements. The Cards are available to nationals of participating countries who travel frequently to conduct trade and investment activities in participating APEC countries, and are of good character. Sammy Wong obtained the card to avoid the need to apply for a visa for every trip.
- 112 Sammy Wong has advised that when visiting China and other places in Asia he will often not have a fixed itinerary, but will visit friends and places of interest. The mode of travel will depend on the destination, and could include road and rail as well as air, but he had never thought about seeking to claim the rebate on any internal air travel in China.
- 113 Sammy Wong's parents live in Sibu in Malaysia and he went to secondary school in Kuching, while Pansy Wong attended schools in Hong Kong and maintains contacts with old school friends.
- 114 Pansy and Sammy Wong have provided me with explanations of the purpose of travel for each of the trips identified as receiving the rebate, and these are the descriptions set out in the analysis section below.

### **Trip Analysis**

- 115 The following section summarises the international air travel undertaken by Pansy and Sammy Wong that were the subject of travel warrants under the personal travel rebate. The summaries are based on Parliamentary Service records, records held by Air New Zealand and Capital Travel, and information provided by Pansy and Sammy Wong.
- 116 One other trip in 2000, relating to travel by Pansy Wong to Canberra, was tentatively identified as receiving the rebate but no further information has been found in Parliamentary Service or airline records, and it has not been included in my analysis.
- 117 The travel that was the subject of a travel warrant may not have included all of the travel actually undertaken during the trip concerned. For example, on Sammy Wong's trips to China any internal travel, whether by air, rail or road, was generally paid for by him and was not the subject of any rebate claim (the rebate applies only to scheduled air services).
- 118 I note that the Wongs have sought to use air points to help reduce travel costs, whether to cover ticket costs or to provide upgrades, and involving both privately funded trips and travel that is funded from the parliamentary entitlement. I understand that the air points have been earned not only from flights taken but also from other schemes, such as the use of credit card spending.
- 119 In the analysis below, the description of the travel is based on the information contained in the travel warrants and supporting documentation, the purpose of travel is as confirmed by Pansy and Sammy Wong from their knowledge and recollection, the outline of the booking process is based on

email and other correspondence where available, and the assessment of compliance with the Speaker's Directions is based on the information available to me and the approach outlined in paragraphs 80 to 96 above.

Note: The trips outlined below are not in strict chronological order.

Summary of International Personal Travel Subject to a Travel Warrant						
Trip	Travel Warrant	Dates	Traveller	Destinations	Rebate \$	Full Cost \$
T1	0022200	March/April 2005	SW	China - Shanghai	2529.00	5058.00
T2	002429	May 2005	SW	China - Fuzhou, Shenzhen Singapore Malaysia - Kuching, Sibü	3011.00	6022.00
T3A	025019	November 2005	SW	Hong Kong	1221.75	1629.00
T3B	025020	November 2005	PW	Hong Kong	1221.75	1629.00
T3C	Claim	November 2005	PW	China - Shenzhen, Beijing	556.28	741.71
T4	025128	January 2007	PW & SW	USA - San Diego	11883.00	15844.00
T5	025225	December 2005/ January 2006	PW & SW	Singapore Malaysia - Kuala Lumpur, Kuching, Sibü, Kota Kinabulu Taiwan - Taipei Thailand - Bangkok	10018.50	13358.00
T6A	025381	September 2006	SW	Singapore Korea- Seoul China - Dalian	4698.08	6264.11
T6B	025382	September 2006	PW	Hong Kong Singapore Korea - Seoul	4044.38	5392.51
T7	025430	November 2006	PW	China - Shanghai	3817.50	5789.11
T8	025758	May/June 2007	SW	China - Shanghai Hong Kong	44.25	59.00
T9	025783	June/July 2007	PW	Sydney	374.25	499.00
T10	026159	June/July 2008	SW	China - Shanghai	1520.25	2027.00
T11A	026390	December 2008/ January 2009	PW	China - Beijing, Lianyungang Hong Kong Singapore	7372.35	8191.50
T11B	026391	December 2008/ January 2009	SW	Malaysia - Kuching, Sibü China - Beijing, Lianyungang Singapore Malaysia - Kuching, Sibü	1286.19	1429.10
T12	026760	November/ December 2009	SW	Singapore	0.00	0.00
T13	529	November 2000	PW	Netherlands - The Hague	550.77	2203.10
TOTALS					54149.30	76136.14

## Trip 1

### *Description*

Sammy Wong travelled to Shanghai in March/April 2005. On 14 March he flew from Auckland to Shanghai via Hong Kong, returning the same way on 16 April, 30 days later.

### *Purpose of Travel*

Sammy Wong investigated the Wong clan's origins in the Hubei Province of China, and visited friends in China.

### *Booking Arrangements*

The booking covered flights from Auckland to Hong Kong, Hong Kong to Shanghai, Shanghai to Hong Kong and Hong Kong to Auckland. The full cost was \$5058 and the rebate value was \$2529.

On 9 March 2005, Sammy Wong emailed Pansy Wong's EA, seeking assistance in booking a return trip to Shanghai, advising that he could pay by credit card and had a valid visa for China. The request was forwarded to Air New Zealand for quotes and options. The next record is an email from Sammy Wong on 8 April seeking to change his booking for Shanghai-Hong Kong to Kunming-Hong Kong, noting that if it couldn't be done then could it be cancelled or credited for the Shanghai-Hong Kong flight or postponed since he would be returning in June or July, and he would purchase his own ticket from Kunming to Hong Kong. There is no correspondence available to confirm the outcome, but Sammy Wong has advised that he does recall travelling to Kunming with friends to play golf and visit tourist sites.

#### *Assessment*

In considering whether the purpose of the travel might have included business purposes, I have taken account of the extent to which Sammy Wong had any specific business interests in China at the time of this trip, and note that his involvement with Lianyungang Supreme Hovercraft Limited did not begin until 2008. I have also taken account of the evidence that when Sammy Wong undertook travel with an element of private business he paid his own way. In the circumstances, I see no need to question the purposes given for the travel, and conclude that with regard to this trip the Speaker's Directions have been complied with.

## **Trip 2**

#### *Description*

Sammy Wong travelled to Fuzhou in June 2005, then carried on to Sibiu in West Malaysia. The travel began on 26 June when he flew to Fuzhou via Singapore, arriving on 27 June. Travel to Shenzhen was by other arrangements. On 19 July Sammy Wong flew from Shenzhen to Singapore, and the next day proceeded on to Kuching and Sibiu. After staying for 6 days he left Sibiu on 28 July, returning to Auckland via Kuching and Singapore.

#### *Purpose of Travel*

Sammy Wong searched for family roots in Fuzhou, China (the home town of Sammy Wong's parents) and met up with relatives, and then travelled to Malaysia to visit friends and former schoolmates in Kuching and family in Sibiu.

#### *Booking Arrangements*

The bookings were for flights from Auckland to Singapore, Singapore to Fuzhou, Shenzhen to Singapore, Singapore to Kuching, Kuching to Sibiu, Sibiu to Kuching, Kuching to Singapore, Singapore to Auckland. The full cost was \$6022 and the rebate value was \$3011.

According to advice from Air New Zealand the booking originated with Pansy Wong's EA. However, no correspondence has been traced.

#### *Assessment*

In considering whether the purpose of the travel might have included business purposes, I have taken account of the extent to which Sammy Wong had any specific business interests in China at the time of this trip, and note that his involvement with Lianyungang Supreme Hovercraft Limited did not begin until 2008. I have also taken account of the evidence that when Sammy Wong undertook travel with an element of private business he paid his own way. In telling me about the trip Sammy Wong described the results of his genealogical research and noted that his elderly mother, who lives in Sibiu, had been particularly interested in having it undertaken and in learning of the outcome. In the circumstances, I see no

need to question the purposes given for the travel, and conclude that with regard to this trip the Speaker's Directions have been complied with.

### **Trip 3**

#### *Description*

Pansy and Sammy Wong left Auckland on 4 November 2005 for Hong Kong. On 6 November, Pansy Wong flew from Shenzhen to Beijing. A week later, on 13 November she flew from Beijing to Hong Kong and back to Auckland. Sammy Wong returned from Hong Kong to Auckland 16 days later on 29 November.

#### *Purpose of Travel*

Sammy Wong visited friends in Hong Kong and China while Pansy Wong attended an overseas Chinese politician's forum organised by the Chinese government.

#### *Booking Arrangements*

The bookings for both Pansy and Sammy Wong were for flights from Auckland to Hong Kong and Hong Kong to Auckland, and Pansy Wong booked flights separately from Shenzhen to Beijing and Beijing to Hong Kong. The full cost for Pansy Wong was \$2370.71 and the rebate value was \$1778.03; for Sammy Wong the full cost was \$1629 and the rebate value was \$1221.75.

On 25 October 2005, Pansy Wong's EA advised Air New Zealand that Pansy Wong wanted to book flights for herself and her husband for travel to Hong Kong on 4 November, with Pansy Wong returning to New Zealand on 13 November but Sammy Wong's return date unknown. It was noted that they would like to pay for economy class and upgrade using air points. It was also noted that the Wongs would be travelling to Singapore, Malaysia and Taiwan from 20 December for around a month and would need accommodation booked in a range of cities. For this trip they would also be paying economy class and upgrading with air points. It was pointed out by Air New Zealand that upgrades could only be arranged on Air New Zealand flights, and upgrades with any other carrier would need to be arranged directly with them.

On 26 October 2005, Air New Zealand advised that bookings were made and confirmed, but if Sammy Wong knew a more accurate return date he should let them know and that any change would have to be through the Air New Zealand parliament office. The EA sought confirmation that air points would be used to upgrade flights and was advised that they would be on request when the tickets were issued. Credit card details for payment were sought and exchanged.

The record is incomplete, but it appears that while en route a request was made to purchase tickets for flights for Pansy Wong within China. Air New Zealand advised that they were unable to issue electronic tickets for the Chinese airlines available, and suggested that she should book and purchase her tickets on arrival in Asia. The EA then requested that the return flight from Beijing to Hong Kong be booked and it was pointed out that it would probably be cheaper for Pansy Wong to purchase it there. She did so, and subsequently claimed for a refund of the rebate amount for travel to and from Beijing.

#### *Assessment*

Pansy Wong's travel appears to be consistent with the Speaker's Directions. In considering whether the purpose of Sammy Wong's travel might have included business purposes, I have taken account of the extent to which Sammy Wong had any specific business interests in China at the time of this trip, and note that his

involvement with Lianyungang Supreme Hovercraft Limited did not begin until 2008. I have also taken account of the evidence that when Sammy Wong undertook travel with an element of private business he paid his own way. In the circumstances, I see no need to question the purposes given for the travel, and conclude that with regard to this trip the Speaker's Directions have been complied with.

## **Trip 4**

### *Description*

On 11 January 2007, Pansy and Sammy Wong flew to San Diego. They left San Diego on 22 January, arriving back in Auckland on 24 January.

### *Purpose of Travel*

The travel was to attend the funeral of Sammy Wong's brother.

### *Booking Arrangements*

The bookings were for flights from Auckland to Los Angeles, Los Angeles to San Diego, and Los Angeles to Auckland. The full cost was \$15844 and the rebate value was \$11883.

According to advice from Air New Zealand the booking originated with Pansy Wong's EA. However, no correspondence has been traced.

### *Assessment*

The travel was to attend the funeral of Sammy Wong's brother in San Diego, USA. This travel is considered to be consistent with the Speaker's Directions.

## **Trip 5**

### *Description*

On 22 December 2005, Pansy and Sammy Wong flew from Auckland to Singapore, then on 24 December flew to Kuala Lumpur, on 26 December to Kuching, then on 29 December to Sibiu. On 1 January 2006, Pansy and Sammy Wong flew to Kota Kinabulu for 4 days before flying to Taiwan on 4 January, on to Bangkok on 8 January and back to Auckland via Singapore on 11 January.

### *Purpose of Travel*

Pansy and Sammy Wong travelled for a family visit and for a holiday.

### *Booking Arrangements*

The bookings were for flights from Auckland to Singapore, Singapore to Kuala Lumpur, Kuala Lumpur to Kuching, Kuching to Sibiu, Sibiu to Kuching, Kuching to Kota Kinabulu, Kota Kinabulu to Taipei, Taipei to Bangkok, Bangkok to Singapore, Singapore to Auckland. The full cost was \$13358 and the rebate value was \$10018.50

This trip had been referred to in earlier exchanges between Pansy Wong's EA and Air New Zealand (see Trip 3). On 29 November 2005, the EA advised Air New Zealand that Pansy and Sammy Wong would be travelling to Asia over the Christmas break and wanted a quote for an itinerary. It was indicated that they would like to have one business class ticket and then use air points from that for the accompanying business ticket for Mr Wong, although they would only require business class on the long haul trips. The itinerary was outlined covering destinations in Malaysia, Taiwan and Thailand, with dates and accommodation requirements noted, although it was pointed out that no commercial

accommodation was required in Sibul, Malaysia. A quote must have been provided because it was accepted and credit card details were provided for payment.

*Assessment*

This travel appears to have been entirely a holiday trip and is consistent with the Speaker's Directions.

## **Trip 6**

*Description*

Pansy and Sammy Wong flew together from Auckland to Seoul, via Singapore, departing on 3 September 2006 and arriving on 4 September. On 10 September, Pansy Wong returned to Auckland via Singapore, while Sammy Wong flew from Seoul to Dalian. Sammy Wong made his own arrangements for subsequent travel until leaving Hong Kong for Auckland 20 days later on 30 October.

*Purpose of Travel*

Pansy Wong was attending the Fourth General Assembly of the International Conference of Asian Political Parties, hosted by the South Korean Government, and Sammy Wong accompanied her and then accepted an invitation to visit friends in Dalian, which is close to Korea.

*Booking arrangements*

The bookings for Pansy and Sammy Wong were for flights from Auckland to Singapore and Singapore to Seoul, then for Pansy Wong only from Seoul to Singapore and Singapore to Auckland, and for Sammy Wong only from Seoul to Dalian and from Hong Kong to Auckland. The full cost for Pansy Wong was \$5392.51 and the rebate value was \$4044.38; for Sammy Wong the full cost was \$6264.11 and the rebate value was \$4698.08.

This booking was done through Capital Travel. Email records are not available for this trip.

*Assessment*

Pansy Wong's travel appears to be consistent with the Speaker's Directions. In considering whether the purpose of Sammy Wong's travel might have included business purposes, I have taken account of the extent to which Sammy Wong had any specific business interests in China at the time of this trip, and note that his involvement with Lianyungang Supreme Hovercraft Limited did not begin until 2008. I have also taken account of the evidence that when Sammy Wong undertook travel with an element of private business he paid his own way. In the circumstances, I see no need to question the purposes given for the travel, and conclude that with regard to this trip the Speaker's Directions have been complied with.

## **Trip 7**

*Description*

Pansy Wong flew from Auckland to Shanghai on 6 November 2006 arriving on 7 November. She departed from Hong Kong for Auckland 5 days later on 12 November.

*Purpose of Travel*

Pansy Wong was invited to participate in the Air New Zealand inaugural flight to Shanghai.

### *Booking Arrangements*

The bookings were from Auckland to Shanghai and from Hong Kong to Auckland. The full cost was \$5789.11 and the rebate value was \$3817.50.

Air New Zealand advised that there were no email printouts in this file but from the bookings Pansy's Wong's ticket was paid for using her entitlement and Sammy Wong travelled as a guest of Air New Zealand.

### *Assessment*

Sammy Wong also travelled on this flight as a guest of Air New Zealand and they both travelled in China before leaving via Hong Kong. This travel would need to be questioned only if Pansy Wong was travelling with Sammy Wong for private business purposes. In considering whether the purpose of Sammy Wong's travel might have been for business purposes, I have taken account of the extent to which Sammy Wong had any specific business interests in China at the time of this trip, and note that his involvement with Lianyungang Supreme Hovercraft Lt did not begin until 2008. In the circumstances, I see no need to question the purposes given for the travel, and conclude that with regard to this trip the Speaker's Directions have been complied with.

## **Trip 8**

### *Description*

On 14 May 2007, Sammy Wong flew from Auckland to Shanghai, arriving on 15 May. He departed from Hong Kong back to Auckland 21 days later on 5 June. The cost of the trip was met from air points, with the balance payable being taxes.

### *Purpose of Travel*

Sammy Wong was visiting friends in China.

### *Booking Arrangements*

The bookings were from Auckland to Shanghai and from Hong Kong to Auckland. The full cost was \$59 and the rebate value was \$44.25.

While the originating communication is not available, on 2 April 2007, Pansy Wong's EA advised Air New Zealand that Sammy Wong wanted to travel to China via Hong Kong or Shanghai in mid-May returning around 5 or 6 June, and that he would like to use air points and travel economy. Quotes were provided for both Shanghai and Hong Kong, leading to a request from Sammy Wong as to whether he could go from Auckland to Shanghai and return through Hong Kong. He noted that he had an entitlement to an upgrade not used in the previous year and should have another one this year, and asked if he could use it on this trip. The next correspondence available is on 26 April 2007, when Sammy Wong set out his preferred itinerary for entering China at Shanghai and leaving through Hong Kong, noting that he would make his own arrangements for 15 May-5 June between Shanghai and Hong Kong.

In the event air points were used and only the tax element was charged to Sammy Wong with the rebate on that amount charged to the Parliamentary Service.

### *Assessment*

Sammy Wong was not in fact aware that the rebate had been claimed on this trip. In these circumstances, and given that similar considerations apply to this trip as to others reviewed, I do not consider that it needs to be addressed any further.

## Trip 9

### *Description*

On 25 June 2007, Pansy Wong flew from Auckland to Sydney, returning 7 days later on 2 July. A large part of the airfare was met from the National Party Leader's Office.

### *Purpose of Travel*

Pansy Wong was the opposition spokesperson on ACC and the trip was to look at workers' compensation schemes and motor vehicle insurance arrangements in Sydney and also aspects of Australia's immigration processing procedures, with a personal stay over a weekend as a holiday.

### *Booking Arrangements*

The bookings were for flights from Auckland to Sydney and Sydney to Auckland. The full cost, after the deduction of the Leader's Office contribution, was \$499, and the rebate value was \$374.25.

On 11 June 2007, Pansy Wong's EA advised Air New Zealand that she was travelling to Sydney on 25 June, returning on 2 July. A quote was sought, since the fare for an economy seat was to be paid from the Leader's budget, and advice of whether any upgrades were available through Pansy Wong's air points. It was also noted that on 2 July Sammy Wong would be returning with her from Sydney so two seats would be needed, but it needed to be booked separately as they wanted to pay for Sammy Wong's seat out of their air points for some if not all of the fare.

On 12 June, Air New Zealand advised that bookings had been made for a return trip for Pansy Wong and a Sydney-NZ flight for Sammy Wong. His flight was business class using air points, so only the taxes would need to be paid for separately and his entitlement could be used to pay for these. For Pansy Wong the bookings were in economy and to be paid for by the Leader's Office. Her air points could be used for an upgrade, but it was noted that this was subject to availability and it was suggested by Air New Zealand that to ensure that Pansy Wong could fly business class then business class seats could be booked, the Leader's Office could pay for a portion of the air fare equivalent to the economy fare, and the rest would be covered by the entitlement. An outline of the costs involved was provided, which differs from the amounts actually paid according to the Travel Warrant. Accommodation options were also suggested.

It is not clear whether the amount finally paid included any tax element from Sammy Wong's booking, but from the documentation available this does not appear to be the case.

### *Assessment*

The purpose of Pansy Wong's travel appears to be consistent with the Speaker's Directions in that it was not for private business purposes. There may be a question around whether the part payment from another source might not have been strictly consistent with the rule that the rebate is not payable where a member's fare is paid from public funds or from any other source, but I understand that the arrangements for this trip were signed off at an appropriate level in the Parliamentary Service in accordance with the practices followed at that time.

## **Trip 10**

### *Description*

Sammy Wong flew from Auckland to Shanghai on 19 June 2008 arriving on 20 June, and returned 14 days later on 4 July.

### *Purpose of Travel*

Sammy Wong visited friends in China.

### *Booking Arrangements*

The bookings were from Auckland to Shanghai and from Shanghai to Auckland. The full cost was \$2027, and the rebate value was \$1520.25.

On 9 June 2008, Sammy Wong sent an email to Pansy Wong's EA, asking for assistance in approaching the Air New Zealand parliament office about options for travel to Shanghai in June/July involving either buying an economy fare and having both legs upgraded (and could this be certain) or buying business class using air points. The email was forwarded and the response was that seats were available in both business and economy for the dates preferred and there should be no problem in booking economy and upgrading. The EA asked Air New Zealand to go ahead with the booking and to use Sammy Wong's points for the upgrade and if he didn't have enough to use Pansy Wong's points as well. Air New Zealand pointed out that he had plenty of points for an upgrade and would he prefer to use those or his complimentary upgrades, the reply being to use the latter. Credit card details were provided to cover the payment required after the rebate was calculated.

### *Assessment*

In considering whether the purpose of Sammy Wong's travel might have included business purposes, I have taken account of the extent to which Sammy Wong had any specific business interests in China at the time of this trip, and note that his involvement with Lianyungang Supreme Hovercraft Limited did begin in 2008, but that he has advised that his first visit to Lianyungang was not until the trip in July/August 2008 when he went to China on an inaugural flight and travelled to Lianyungang to help with the communication problems, and also to visit other cities in China. I have also taken account of the evidence that when Sammy Wong undertook travel with an element of private business he paid his own way. In the circumstances, I am prepared to accept the purposes given for the travel, and conclude that with regard to this trip the Speaker's Directions have been complied with.

## **Trip 11**

### *Description*

On 24 December 2008, Pansy Wong flew from Auckland to Beijing via Singapore. On 26 December Pansy and Sammy Wong flew from Beijing to Lianyungang. Subsequent travel was by their own arrangements, then on 6 January 2009, they flew from Hong Kong to Singapore, and on 8 January from Singapore to Kuching and Sibu. After 6 days in Sibu, on 14 January Pansy and Sammy Wong flew to Kuala Lumpur and then to Auckland. Sammy Wong had covered his own costs for travel to and from Auckland and between Beijing and Singapore.

### *Purpose of Travel*

The purpose of the travel was to visit family in Sibu and take a holiday in China. Pansy was also keen to visit "Little Pumpkin" and her grandmother in China, and to respond to an invitation to attend the inaugural floral festival at Lianyungang.

Sammy Wong had earlier been visiting the hovercraft business in Lianyungang under his own arrangements in order to help with the communication problems, but then, after visiting friends in Hong Kong, he travelled to Beijing to meet up with Pansy Wong so they could travel together back to Lianyungang to the floral festival, then on to see “Little Pumpkin”, and subsequently to Malaysia to visit Sammy’s family.

#### *Booking Arrangements*

The bookings for Pansy Wong were flights from Auckland to Singapore, Singapore to Beijing, Beijing to Lianyungang for both Pansy and Sammy Wong, Hong Kong to Singapore for Pansy Wong, then both Pansy and Sammy Wong from Singapore to Kuching, Kuching to Sibü, Sibü to Kuala Lumpur, Kuala Lumpur to Singapore, Singapore to Auckland. The full cost for Pansy Wong was \$8191.50, and the rebate value was \$7372.35; for Sammy Wong the full cost was \$1429.10 and the rebate value was \$1286.19.

Bookings were made by Capital Travel. On 28 November 2008, Pansy Wong’s Senior Private Secretary (SPS) sent an email to Capital Travel attaching a proposed travel itinerary which appears to have been prepared by Pansy Wong, identifying travel for her alone to Beijing, then Hong Kong-Singapore and Singapore-Auckland at different dates, and with Sammy Wong from Beijing to Lianyungang, Lianyungang to Shenzhen, Singapore to Kuching, Kuching to Sibü, Sibü to Kuching and Kuching to Singapore. It was proposed that travel be business class for all international flights and economy for internal flights, and it was noted that Sammy Wong had his own return ticket Auckland-Hong Kong-Auckland.

Capital Travel asked if a Chinese visa application was needed or did the Minister already have a multiple visa or APEC card, to which the SPS replied that she didn’t know but that “her husband has a company in China so maybe she does hold an APEC card”. There were further exchanges on dates to cover options in case they couldn’t travel together from Lianyungang and to Kuching. By 2 December the SPS was clear about what was going on and noted that Sammy Wong was leaving the next day, and already had his Hong Kong-Singapore ticket. Seating arrangements were discussed to ensure that they could sit together on relevant flights. On 5 December, ticketing for the China Eastern Airlines flight (to Lianyungang) was being discussed and passport details were sought, with Sammy Wong’s having to be obtained from him in China. Tickets for the Malaysian flights were issued on 8 December, with a changed date to ensure they travelled to Kuching together. Also on that date changes were advised in that the flight from Lianyungang was cancelled and it was noted that Pansy and Sammy Wong would make their own way to Hong Kong. Further correspondence was around ensuring they were seated together on flights from Hong Kong to Singapore and Singapore to Auckland.

#### *Assessment*

Since it was events on this trip that gave rise to this investigation, it clearly needs careful assessment in relation to any private business undertaken by either or both Pansy and Sammy Wong, the extent to which this might affect the whole of the travel undertaken under the travel warrant involved, and the nature and purpose of the travel arrangements for this trip.

First, with regard to the itinerary, the travel arrangements were made for a Christmas and New Year holiday in China and Malaysia, with China included because Pansy Wong wanted to follow up on the progress of “Little Pumpkin” and her grandmother. The local government in Lianyungang had sent an invitation for the couple to attend the inaugural flower show in the city because on previous visits Sammy Wong had shown them photographs of floral displays in New Zealand.

Secondly, Pansy Wong was aware that Stephen Preest and the hovercraft company were in Lianyungang because she had been there on a previous visit in July 2008 when she and Sammy Wong had travelled to China courtesy of Air New Zealand on the inaugural flight to Beijing. At that time she had not really been aware of the status of the hovercraft company located in Lianyungang, since she had been responding to an invitation from the Lianyungang authorities and was also keen to visit the city that is the home of the story of the Monkey King.

Thirdly, after going on ahead to China, without the benefit of the rebate, Sammy Wong had visited friends in China and had also travelled to Lianyungang to assist with the communication issues between Stephen Preest and Terry Yang. He left Lianyungang for Hong Kong to catch up with friends, then travelled to Beijing to meet up with Pansy Wong and begin their holiday together, including the return to Lianyungang. All other travel within China was arranged and paid for by the Wongs, and involved travel to see “Little Pumpkin” and to visit Nimbu and Shenzhen.

Fourthly, while in Lianyungang, Pansy and Sammy Wong visited the hovercraft factory and Pansy Wong witnessed the signatures of Stephen Preest and Terry Yang on the Deed of Variation of Cooperation Agreement. I should note that witnessing of a document is not in itself a business activity.

Nevertheless, my conclusion is that by becoming a party to the signing of a document relating to a business in which her husband has an interest, Pansy Wong became involved in his private business activities, even if it was largely unintentional and inadvertent on her part, and even if on the occasion of this visit the extent of any actual business activity was minimal or non-existent. It is also my conclusion that notwithstanding any other reasons that might have applied, it is unlikely that the Wongs would have been in Lianyungang if it had not been for Sammy Wong’s business interest in the hovercraft company. Accordingly, it is my conclusion that the travel to Lianyungang by both Pansy and Sammy Wong can be construed as being for private business purposes, and should not have attracted the parliamentary rebate, because it was not consistent with the Speaker’s Directions. I can accept that the intention, when Pansy Wong arranged for the booking of the travel, was not to engage in private business.

This then raises the question of the rest of the trip. It is quite clear that the purposes of the rest of the trip were to have a holiday and to visit “Little Pumpkin”. The travel by Sammy Wong that attracted the rebate was only that between Singapore and Sibiu, since he had paid for all other travel except the Beijing-Lianyungang leg. The other travel by Pansy Wong was from Auckland to Beijing, then Hong Kong to Sibiu, via Singapore, and then back to Auckland, again via Singapore. The reasons for the travel are consistent with the Speaker’s Directions, and I do not believe that it would be reasonable to conclude that the remainder of the trip should not have attracted the rebate because another element of the trip was not compliant.

In the circumstances, a refund of the amounts involved in travel between Beijing and Lianyungang should be made by the Wongs. The cost of the airfares taxes and fees per person was \$263.40, so the refund should be 90% of that figure at \$237.06 each.

## **Trip 12**

### *Description*

On 18 November 2009 Sammy Wong flew to Singapore via Melbourne, returning 15 days later via Brisbane. The rebate was reimbursed by Sampan Enterprise Ltd before travel began.

### *Purpose of Travel*

No rebate was finally claimed in regard to this travel.

### *Booking Arrangements*

Bookings were made for flights from Auckland to Melbourne, Melbourne to Singapore, Singapore to Brisbane, Brisbane to Auckland. The full cost was \$1816.60 with a rebate value of \$1634.94 that was refunded in full by Sammy Wong before travel began.

No correspondence relating to the bookings is available. However, it appears that the booking was made by Air New Zealand on 1 November, and on 6 November the request for a Travel Warrant was sent to the Parliamentary Service. A travel warrant was prepared on 9 November, but on 11 November the Finance Branch was sent a memorandum from the Travel Office attaching a Sampan Enterprise Limited cheque from Sammy Wong for the full amount of the rebate.

### *Assessment*

Since no rebate was paid I do not propose to address this trip any further.

## **Trip 13**

### *Description*

On 17 November 2000 Pansy Wong flew from Auckland to Amsterdam via London, arriving on 18 November, and returning 7 days later to Christchurch via London and Auckland.

### *Purpose of Travel*

Pansy Wong was the opposition spokesperson for energy and she attended the Sixth Session of the UNFCCC Conference of the Parties, COP 6, at The Hague, the Netherlands, 13-24 November, 2000, as a member of the New Zealand delegation.

### *Booking Arrangements*

Bookings were made for flights from Auckland to London, London to Amsterdam, Amsterdam to London, London to Auckland. The full cost was \$2203.10, and the rebate value was \$550.77.

There is no further information on bookings for this trip.

### *Assessment*

Pansy Wong's travel appears to have been consistent with the Speaker's Directions.

## **Conclusions Relating to International Travel**

120 My conclusions in relation to the use of the international air travel rebate are:

- Having reviewed the dates of travel and the documentation provided by the Parliamentary Service I am satisfied that rebates were provided at the rates applicable under the Speaker's Directions

- Sammy Wong has paid for his own travel where it has related to his private business interests, but for the most part his travel in Asia has been to holiday with his wife, catch up with his family, visit friends and acquaintances, and visit tourist sites
- On the basis of my examination and analysis of the information available to me:
  - There is no evidence of systemic abuse of the parliamentary international air travel entitlement by Pansy and Sammy Wong
  - There is evidence that the trip from Beijing to Lianyungang, China, in December 2008, involved activity by both Pansy and Sammy Wong that, although unplanned and inadvertent, could be construed as private business purposes
  - With regard to all of the other international trips investigated I have no reason to believe that Pansy and Sammy Wong have not acted in compliance with the conditions set out in the Speaker's Directions regarding private international air travel.

### ***Use of the Domestic Travel Entitlement***

121 My terms of reference required me to investigate the use by Pansy Wong and her husband Sammy Wong of the entitlement to domestic air travel, and to examine compliance with the Speaker's Directions. To restate these rules, a member may travel by air at any time on scheduled air services throughout New Zealand, and the spouse or partner of a member may travel by air at any time on scheduled services, provided that the travel is not for private business purposes.

### **Scope**

122 Information provided by the Parliamentary Service Travel Office and the Finance Branch identified transactions related to domestic travel undertaken by Mr and Mrs Wong paid for through the domestic travel entitlement. This has involved a large number of transactions, not all of which are actual flights taken, but include cancellations, refunds and booking fees, as well as coding errors.

#### *Member's Domestic Travel*

123 The members' entitlement to use domestic air services is not subject to any conditions, apart from compliance with the general principles and procedures set out in the Speaker's Directions.

124 In describing her travel as a member, Pansy Wong explained to me that in addition to the need to travel to and from Wellington, initially from Christchurch and since 2002 from Auckland, her position as the first MP of Asian ethnicity involved a significant amount of travel to meet Asian communities, primarily in Auckland and often for weekend functions. The reduction of this travel was one of the reasons for moving to Auckland. Since her appointment to the Cabinet in 2008, Pansy Wong's travel has been covered from Vote Ministerial Services.

125 I have not undertaken a detailed investigation of the domestic air travel undertaken by Pansy Wong, but I have no reason to believe that her expenditure on travel is not in accordance with the principles to be applied in

the use of publicly funded resources by members and parties, and have therefore accepted that it has complied with the Speaker's Directions.

*Spouse Domestic Travel*

126 The information provided identified the transactions and their value over the period since 1996-97. However, since the information relating to travel before 1998/1999 was incomplete, I have not included 1996/1997 and 1997/1998 in my analysis. The following table summarises the transactions considered in relation to travel by Sammy Wong under the spouse domestic air travel entitlement.

<b>Domestic Air Travel - Spouse</b>		
<b>Financial Year</b>	<b>Transactions Number</b>	<b>Value \$</b>
1998/99	11	2255
1999/00	29	7900
2000/01	19	8395
2001/02	16	8407
2002/03	55	13715
2003/04	47	8213
2004/05	41	9721
2005/06	38	8206
2006/07	19	7286
2007/08	26	4573
2008/09	15	4445
2009/10	38	8782
2010/11	1	491
<b>Totals</b>	<b>358</b>	<b>93935</b>

**Context**

127 In order to determine the extent to which this travel might be consistent with that to be expected of a member's spouse, I have looked at the expenditure of other spouses, from information developed by the Parliamentary Service for the Remuneration Authority. The following table places Sammy Wong's domestic travel in the context of overall spouse travel.

<b>Spouse/Partner Domestic Air Travel</b>		
<b>\$/User</b>		
<b>F/Y</b>	<b>Sammy Wong</b>	<b>Spouse Average</b>
2002/03	13715	7516
2003/04	8213	6931
2004/05	9721	7404
2005/06	8206	7534
2006/07	7286	8710
2007/08	4573	7602
2008/09	4445	8330
2009/10	8782	7922

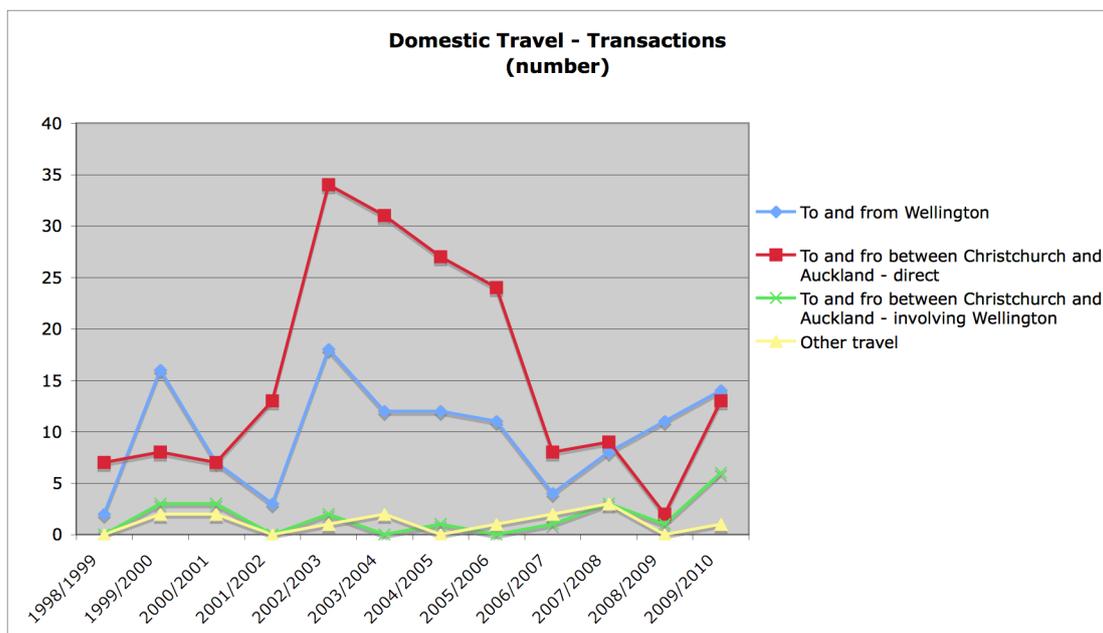
128 The level of travel undertaken by Sammy Wong in the period up to 2005/06 was above the average level of spouse travel, but since then has been less than the average, until last year.

## Approach

- 129 The Speaker’s Directions require that domestic air travel by a spouse should not be for private business reasons, and should be consistent with the principles to be applied in the use of publicly funded resources by members and parties.
- 130 Broadly, the approach I have taken to examining compliance with the Speaker’s Directions has been to identify categories of domestic air travel and to look at the patterns involved, in order to determine the potential for travel to have been undertaken for private business. This analysis has been undertaken from the documents made available to me by the Parliamentary Service and travel service providers, and from discussions on the information with Pansy and Sammy Wong aimed at clarifying and confirming the purpose of travel. The analysis takes account of the level and nature of Sammy Wong’s business interests, and also considers the level of travel undertaken in the context of expected levels of spouse travel.

## Analysis

- 131 I identified the destinations of the travel undertaken by Sammy Wong and broken them down into three groups:
- Travel to and from Wellington, whether from Christchurch or from Auckland
  - Travel between Christchurch and Auckland, both direct and where it may have involved travel through Wellington
  - Travel to destinations other than Wellington, Auckland or Christchurch.
- 132 Additional transactions recorded in the financial data were for booking fees, refunds for cancelled trips, and some coding errors.
- 133 The following chart shows the breakdown by number of transactions by year from 1998/1999 to 2009/2010 (the current year is excluded because there is only one trip involved).



*Travel to and from Wellington*

- 134 The purpose of Sammy Wong's travel to and from Wellington has been to be with Pansy Wong as she attends Parliament and meets those responsibilities as a member that require her to be in Wellington, including attendance at functions. From 1996 to 2008, Pansy Wong maintained an apartment in Thorndon as a base when in Wellington, for which she used the parliamentary accommodation subsidy. Since 2008 her Wellington accommodation has been met by Ministerial Services.
- 135 Given also that Sammy Wong has no business interests or activities linked to Wellington, I have no reason to conclude that any of this travel was undertaken for private business purposes.

*Travel between Christchurch and Auckland*

- 136 Sammy Wong's travel between Christchurch and Auckland needs to be considered in the context of the location of the Wong's home base, being originally in Christchurch with the move to Auckland taking place in early 2002. However, the Christchurch property was not sold until May 2010, and had been kept as base, requiring maintenance and oversight. Pansy Wong used the house as a base when she was in Christchurch on parliamentary business. The Wongs lived in Christchurch for many years and have many links there. Pansy Wong has two brothers who live in Christchurch, and she studied and worked there before becoming a member of Parliament
- 137 Sammy Wong does have links to businesses operating in Canterbury but these are not significant, and he has advised that the travel was not undertaken for private business purposes.
- 138 The pattern of Sammy Wong's travel between Christchurch and Auckland is consistent with travelling to support his wife in her engagements in Auckland before they moved there, then the move to Auckland and the travel to Christchurch to maintain both the property and links, and to accompany Pansy Wong.
- 139 In the circumstances, I have no reason to conclude that any of this travel was undertaken for private business purposes.

*Travel to other destinations*

- 140 The third category was made up of a series of basically one-off trips to a variety of destinations around New Zealand. I have examined each of the trips involved by comparing them with travel undertaken by Pansy Wong, and have identified only one trip where travel was not undertaken by both of them together. This involved a trip from Queenstown to Christchurch in May 2000, and Sammy Wong has advised that he has no recollection of any business purpose that would have involved him going to Queenstown.
- 141 In the circumstances, I have no reason to believe that any of this travel was undertaken for private business purposes.

**Conclusions Relating to Domestic Air Travel**

- 142 I have no reason to believe that Pansy Wong's expenditure on travel is not in accordance with the principles to be applied in the use of publicly funded

resources by members and parties, and have therefore accepted that it has complied with the Speaker's Directions

- 143 On the basis of my examination and analysis of the information available to me, I find no reason to conclude that Sammy Wong has used the spouse domestic travel entitlement in a way that is not in compliance with the Speaker's Directions.

### ***Use of an Electorate Office for Commercial Business Purposes***

- 144 My terms of reference required me to investigate the use of an electorate office located at 735 Chapel Road, Botany, Auckland, as a registered office for commercial business purposes, and to examine compliance with the Speaker's Directions. To restate these, the relevant provision in the Speaker's Directions is that funding provided for party and member support may not be used for anything that is not for a parliamentary purpose. And that prohibition clearly includes any private business activity that might be undertaken by a spouse using the premises of the out-of-Parliament office maintained by a member.

### **Scope**

- 145 The scope of my investigation is to ascertain the facts relating to the use of 735 Chapel Road as the registered address of companies related to Sammy Wong, including the nature and extent of any private business conducted at those premises. I am then to determine if this constitutes use of the out-of-Parliament office located at that address for activity that is not parliamentary business.

### **Approach**

- 146 I reviewed the information available to me from public sources, including the Companies Office website, information provided by the Parliamentary Service in relation to the electorate office, and information provided by Pansy and Sammy Wong. In addition, I visited the electorate office at Upstairs 735 Chapel Road, Dannemora, Manukau, and I have spoken (briefly and by phone) with the landlord, who is now based in Hong Kong.
- 147 Two companies in which Sammy Wong is a shareholder and director have their registered office and address for service at 735 Chapel Rd, Dannemora, Manukau. The address of Pansy Wong's electorate office is Upstairs, 735 Chapel Road.

### **Companies Office Requirements**

- 148 The following descriptions have been extracted from the glossary on the Companies Office website ([www.companies.govt.nz](http://www.companies.govt.nz))

#### *Registered office address*

Every company must have a Registered Office and Address for Service in New Zealand.

The registered office and address for service need not be at the company's place of business, nor in the same place. However they must be at a

physical location not a postal address or document exchange or a 'virtual office' (that is a mail or message collection point).

*Address for service*

A company must have an address for service in New Zealand. The address for service must be a physical address, it must not be an address at a postal centre or document exchange or a 'virtual office' (that is a mail or message collection point).

*Address for communication*

The address for communication is used to establish a regular communication channel with the company. The Registrar uses this address to contact the company (for example, Annual Return email reminders). A postal or physical address is acceptable in addition to an email address.

*Address for records*

A company must keep a variety of documents at its Registered Office including the constitution, minutes of shareholders and directors meetings, financial statements and accounting records and the share register.

Notwithstanding the general requirements to keep these records at a company's registered office, the records may be kept at any location in New Zealand provided their location is notified to the Registrar.

## **Companies**

- 149 Sammy Wong has advised that neither of the companies registered to the address is actively engaged in business. Shipley & Wong Limited is a shell company while Sampan Enterprise Limited has mainly passive investments.

*Sampan Enterprise Limited*

- 150 Sampan Enterprise Limited was registered in June 1988, with Sammy and Pansy Wong as shareholders with 5,000 shares each, and both as directors. The original activity proposed for the company included a restaurant, which was subsequently sold. The originally registered office address was 29A Snowdon Road, Fendalton, Christchurch, which was also the address for service, the address for communication and the address for share register.
- 151 Pansy Wong resigned as a director in April 2005 and her shareholding was taken over by Sammy Wong in May 2005. At that time the address for communication was changed to PO Box 5430, Wellesley St, Auckland.
- 152 With effect from 18 June 2010, the registered office of the company and address for service became 735 Chapel Rd, Botany, Auckland, the address for communication was PO Box 230249 Manukau, Auckland, the address for share register was 735 Chapel Rd, Botany, Auckland, and 133 Sandspit Rd, Howick, Auckland, was the address for records.
- 153 In the annual return for the company, filed in August 2010, the presenter was Sammy Wong, 735 Chapel Rd, Dannemora, Manukau 2016.

*Shipley & Wong Limited*

- 154 Shipley & Wong Limited was registered in November 2002 as Shipley, Creech & Wong Limited, with the company's registered office and address for service being 29A Snowdon Rd, Fendalton, Christchurch, and the address for communication being PO Box 8245, Riccarton, Christchurch. The original shareholders (and directors) were Jennifer Mary Shipley of Apartment 1, Shed

- 22, Princes Wharf, Auckland, Wyatt Benjamin Creech of 1 New York St, Martinborough, and Sammy Teck Seng Wong of 4d2, 148 Quay St, Auckland. Each shareholder held 5,000 shares.
- 155 In December 2004, the company name was changed to Shipley & Wong Limited and the shareholding was now split to 7,500 each to Jennifer Mary Shipley and Sammy Teck Seng Wong. Wyatt Benjamin Creech resigned as a director.
- 156 In May 2005, the address for communication was changed to PO Box 5430, Wellesley St, Auckland. In November 2007, Jennifer Mary Shipley resigned as a director, and Burton Ross Shipley became a director.
- 157 With effect from 18 June 2010, the registered office of the company and address for service became 735 Chapel Rd, Botany, Auckland, the address for communication was PO Box 230249 Manukau, Auckland, the address for share register was 735 Chapel Rd, Botany, Auckland, and 133 Sandspit Rd, Howick, Auckland, was added as the address for records.
- 158 In the annual return for the company, filed in November 2010, the presenter was Sammy Wong, 735 Chapel Rd, Dannemora, Manukau 2016.
- 159 On 19 November 2010 Sammy Wong updated the registered office address and the address for service, notifying a change of address from 735 Chapel Road to 5a, 17 Albert Street, City Central, Auckland. On the same date Burton Ross Shipley ceased to be a director of the company.

## **Electorate Office**

- 160 Pansy Wong's electorate office is at Upstairs, 735 Chapel Rd, Dannemora, Manukau. The premises are rented from the trustee of the HMH Family Estate. The description of the premises in the lease is:

*PREMISES: Part of the top floor of 735, Chapel Road, Botany, including exclusive use of 4 offices, boardroom, reception area, kitchen, wc/bathroom and the shared use of the meeting room on the ground floor in common with other tenants in the building as shown in the annexed plan outlined in red.*

*CAR PARKS: As allocated to the building.*

- 161 The building at 735 Chapel Road has an upper floor, which includes Pansy Wong's office premises as described in the lease and some other rooms, while a lower floor includes a number of rooms currently being renovated by the landlord and a meeting room for larger groups, the shared use of which is provided for in the electorate office lease. There is internal access between the floors which can be locked from above.
- 162 The electorate office is clearly identified by signage as the upstairs part of the building, and this is carried through on office stationery, on Pansy Wong's business card, and in the Auckland White Pages listing for MPs' offices.
- 163 A car registered to Sammy Wong, and painted with a Pansy Wong MP logo approved by the Parliamentary Service and used by Pansy Wong and her office staff, is parked outside the premises.

## **Private Addresses**

- 164 The Primary Places of Residence as advised by Pansy Wong over the period since she was first elected to Parliament, have been:
- 29A Snowdon Road, Christchurch 5, 29/1/2001, advised that “one room had been set aside as office for last ten years”
  - 4D2, 148 Quay Street, Auckland Central, 26/8/2003, advised that not used for any commercial purposes
  - 2B, 6 Whitaker Place, Grafton, Auckland, 10/2/2005, advised that not used for any commercial purpose
- 165 The Wong’s current address is in Howick, within the Botany electorate. The updating of the Primary Place of Residence is pending.
- 166 The office space in the Snowdon Road property was used by Pansy Wong who was a professional director before entering Parliament. In 2002 the Wongs moved from Christchurch to Auckland, but retained ownership of their home in Christchurch until May 2010. Sammy Wong had been travelling to and from Christchurch to maintain the home and section of 1200m<sup>2</sup>. The Whitaker Place address is now a rental property owned by the Wongs.

## **Use as Registered Office**

- 167 The initial registered office for both companies was the Wong family home at 29A Snowdon Road, Christchurch, which had been their home prior to Pansy Wong’s election to Parliament in 1996. With the sale of the Christchurch home in May 2010 it became necessary to find a new address for the registered office. The Wongs did not wish to use their home address for this purpose, particularly since Pansy Wong is now a constituency member living in her electorate, and is sensitive to privacy and security considerations.
- 168 The solution adopted was to obtain the agreement of the landlord at 735 Chapel Road to use the address of the bottom half of the property as the registered address for the company. There are no outgoings involved in this informal agreement. There is no correspondence addressed to the company at this address, since the address for correspondence registered with the Companies Office and is a PO Box number. The lower part of the property at 735 Chapel Road is currently undergoing renovation, and there are no current tenants. No business activity in relation to the two companies is being undertaken there by Sammy Wong, or anybody else, and there are no business cards or other stationery indicating that 735 Chapel Road is the address of either company.
- 169 Sammy Wong has advised that he is not a frequent visitor to Pansy Wong’s office, and this is confirmed by her staff, and those visits have been in relation to supporting her work. He has infrequently used the meeting room downstairs in his role as a Justice of the Peace.
- 170 The landlord, who now lives in Hong Kong, but was formerly an Auckland resident, was interviewed by telephone, and has advised that the bottom floor premises were being renovated with a view to renting them out, there was no formal arrangement regarding the use of the address, and there was no business being operated from the address.

## **Conclusions Relating to the Use of an Electorate Office for Personal Business Use**

171 The questions I have had to address are:

- Was the electorate office address given as the registered address for the two companies?
- Was there any commercial business activity undertaken at the electorate office by Sammy Wong?

172 Both Pansy and Sammy Wong have clearly stated that the intention was never to use the electorate office as the registered address, nor has Sammy Wong used the electorate office for business activities. They draw a distinction between Upstairs 735 Chapel Road, which is the electorate office address, and the downstairs part of the property that provided a convenient location for a registered address.

173 I accept that it was not the intention to make the electorate office address the registered address of the companies, but the use of the property address has clearly created scope for confusion. With the May 2010 sale of their Christchurch house, which had been the registered address, and their preference not to use their new home address as a registered address, for privacy and security reasons, Sammy Wong saw Chapel Road as a solution. With the benefit of hindsight he now accepts that it was not the best of ideas.

174 I also accept that Sammy Wong has not undertaken commercial business activities at the electorate office or used the facilities for any commercial business purposes. It is also clear that he does not undertake any commercial business in the bottom storey of the property that he regards as the location of the registered office of the two companies. This is because there is no real ability to carry on business activities there, apart from the physical space, and because there has been little or no business conducted by the companies, particularly over the period since 18 June this year when the registration was effected. The registration of the address in connection with Shipley & Wong Limited has now been changed.

175 There is, therefore, no evidence that the use of the address 735 Chapel Road, Dannemora, Manukau as the registered address for two of Sammy Wong's companies, has resulted in Pansy Wong's electorate office, which is located in the building at that address, being used for commercial business purposes.

## ***Findings and Recommendations***

### **Findings**

176 The findings I have reached from this investigation are summarised as follows:

#### *Knowing the rules*

- Guidance is available to members of Parliament on services and entitlements, including accountability for their use, including domestic and international air travel entitlements and the purposes for which an out-of-Parliament office is provided

- Pansy Wong has confirmed that she is familiar with the Speaker's Directions and the rules relating to the use of domestic and international air travel.

*Business Activities*

- Sammy Wong's overall business interests are primarily located in New Zealand, with his Chinese business interests limited to the hovercraft company in Lianyungang
- Pansy Wong has herself no private business interests that are likely to raise issues in relation to the parliamentary rebate
- My impression that Sammy Wong's business activities have been consciously limited, with priority given to his wife's political career and the need to minimise potential conflicts of interest.

*Travel Booking Processes*

- Changes to the processes and procedures relating to the administration of the international air travel in order to ensure compliance with the Speaker's Directions have been undertaken relatively recently
- Processes are in place to check members' use of the air travel entitlements and to require certification of expenditure
- There has been nothing in the Speaker's Directions or in any guidance material that would prevent a spouse or partner from initiating bookings for travel under the rebate scheme
- Prior to the change to the Speaker's Directions from 30 July 2010, there was no requirement that travel under the rebate scheme by a spouse or partner had to be undertaken in association with travel by the member.

*Use of the International Air Travel Entitlement*

- If the purpose of travel includes any business interests, whether combined with personal or other interests or not, then the exclusion from the rebate will apply
- The private business purposes must relate to activities undertaken in the place being visited if they are to affect the ability to attract the rebate for the travel involved
- The key is to determine what is reasonable, bearing in mind the advice of the General Manager of the Parliamentary Service in the Guide that in deciding whether or not to access a taxpayer funded entitlement, members should ask if it is within the rules, how would it look and is it defensible. In the case of the international air travel entitlement those questions should apply at the time of booking the travel as well as at any point along the way where doubts might arise
- Having reviewed the dates of travel and the documentation provided by the Parliamentary Service I am satisfied that rebates were provided at the rates applicable under the Speaker's Directions
- Sammy Wong has paid for his own travel where it has related to his private business interests, but for the most part his travel in Asia has been to holiday with his wife, catch up with his family, visit friends and acquaintances and visit tourist sites
- On the basis of my examination and analysis of the information available to me:

- There is no evidence of systemic abuse of the parliamentary international air travel entitlement by Pansy and Sammy Wong
- There is evidence that the trip from Beijing to Lianyungang, China, in December 2008, involved activity by both Pansy and Sammy Wong that, although unplanned and inadvertent, could be construed as private business purposes
- With regard to all of the other international trips investigated I have no reason to believe that Pansy and Sammy Wong have not acted in compliance with the conditions set out in the Speaker's Directions regarding private international air travel.

*Use of the Domestic Air Travel Entitlement*

- A members' entitlement to use domestic air services is not subject to any conditions, apart from compliance with the general principles and procedures set out in the Speaker's Directions
- I have no reason to believe that Pansy Wong's expenditure on domestic air travel is not in accordance with the principles to be applied in the use of publicly funded resources by members and parties, and have therefore assumed that it has complied with the Speaker's Directions
- On the basis of my examination and analysis of the information available to me, I find no reason to conclude that Sammy Wong has used the spouse domestic air travel entitlement in a way that is not in compliance with the Speaker's Directions.

*Use of an Electorate Office for Commercial Business Purposes*

- Both Pansy and Sammy Wong have clearly stated that the intention was never to use the electorate office as the registered address, nor has Sammy Wong used the electorate office for business activities
- I accept that it was not the intention to make the electorate office address the registered address of the companies, but the use of the property address has clearly created scope for confusion
- I also accept that Sammy Wong has not undertaken commercial business activities at the electorate office or used the facilities for any commercial business purposes
- There is no evidence that the use of the address 735 Chapel Road, Dannemora, Manukau as the registered address for two of Sammy Wong's companies, has resulted in Pansy Wong's electorate office, which is located in the building at that address, being used for commercial business purposes.

**Recommendations**

- 177 I recommend that Pansy and Sammy Wong refund to the Parliamentary Service the amounts of the rebates attributable to their flight from Beijing to Lianyungang on 26 December 2008, being a total of \$237.06 each.