The power of the New Zealand legislature to fine for breach of privilege

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Introduction

In 2006 the New Zealand House of Representatives fined the state-owned Television New Zealand Limited for contempt after it disciplined its departing chief executive for evidence he gave to a select committee. The House had not imposed a fine since 1903 but the power was revived and used to punish actions that it considered to be an attempt to interfere with the privilege of free speech. This article examines the foundation of the power to fine and the use of the power in 2006 and considers issues that may arise as a result of future use of the power to impose a fine.

History of fining by the New Zealand House of Representatives

The House of Representatives has imposed fines only six times in its 156 year history. The first two fines were imposed against Members of the House. In 1877 Hugh Hart Lusk the member for Franklin, was adjudged guilty of contempt for receiving payment from the Auckland City Council for advocating legislative amendments desired by the City Council. The fine of £50 was the maximum allowed by Standing Orders of the day and equalled the amount paid to Lusk by the City Council.

In 1881 a second Member of the House, William Gisborne, was fined for defying the Chairman of Committees. When the Chairman attempted to end a 48 hour filibuster on electoral legislation, Gisborne challenged his authority to do so and was subsequently reported to the Speaker. The House found him guilty of contempt and fined him £20 on the very day of his offence.1

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While the fining of Gisborne was the last time the House fined one of its Members, it imposed the penalty against strangers on three occasions prior to 2006. In 1896, the House fined the President of the Bank of New Zealand, William Watson, £500 for a breach of privilege. Watson’s offence had been to refuse to answer a select committee’s questions about the writing off of loans. He did so because he considered that providing the information would have violated his oath of confidentiality to the bank. Watson was fined after appearing at the bar of the House and again refusing to answer the questions. The fine is notable for its severity — amounting to approximately one-quarter of Watson’s annual salary.

Two journalists were fined by the House in the early 20th Century. In 1901 Albert Cohen was fined £15 for a breach of privilege, as a result of prematurely disclosing confidential select committee proceedings. Two years later, Emil Schwabe was also fined £15 and his editor was fined £25 for the same offence. The House has dealt with similar breaches of privilege by journalists in recent years through different means. In 1985, when the New Zealand Times divulged a confidential draft select committee report, the offending journalist had his press gallery accreditation downgraded and was suspended from using the café and restaurant in the parliamentary precincts. In a similar case in 2003, the Privileges Committee took a softer stance by inviting the Speaker to refer the matter to the chairperson of the Press Gallery to be dealt with under the Gallery’s own rules and to ensure that all members of the Press Gallery were fully conversant with the House’s confidentiality rules in respect of select committee reports.

In another report in 2003 the Privileges Committee recommended that Standing Orders be amended to allow for wider debate of select committee proceedings. The Standing Orders Committee considered the recommendation. While it emphasised the importance of frank and confidential discussions between select committee members as fundamental to a constructive decision-making process, it recommended relaxing some aspects of the rules around committee confidentiality to allow discussion of matters of process and procedure. The Standing Orders were amended to enable committees be able to authorise the release of proceedings that do not relate to any business or decision still before the committee and to allow the release of proceedings in respect of decisions that have already been made about matters of process and procedure. Divulging a draft report or other confidential proceedings prior to a committee reporting to the House remains a contempt.

The privilege of free speech is one of the cornerstones of parliamentary democracy that predates its codification in the Bill of Rights Act 1688. It enables members to carry out their functions freely and effectively without fear of legal liability and is an important expression of the independence of the legislature from the judicial system. The privilege may also be extended to other participants in parliamentary proceedings such as witnesses who give evidence before select committees.
Actions leading to contempt — the 2006 case

The Finance and Expenditure Committee, one of the New Zealand’s House select committees, carried out an inquiry into Television New Zealand Limited (TVNZ), a State-owned company and one of New Zealand’s two main free-to-air television broadcasters. It initiated the inquiry ‘because of a series of events that raised serious concerns about the governance of Television New Zealand Limited’. One of the witnesses before the committee was Ian Fraser, the departing chief executive of TVNZ, who gave evidence that was critical of its board. After Mr Fraser’s appearance, the chairperson of the board (Craig Boyce) wrote to Mr Fraser stating that his comments to the committee ‘amounted to serious misconduct’ and relieved him of his duties for the balance of his notice period. Mr Fraser raised these actions with the select committee, and, despite a subsequent retraction and apology from Mr Boyce, the Speaker referred the matter to the Privileges Committee, noting that a general question about the status of select committee witnesses arose that warranted the attention of the House.

The Privileges Committee’s consideration of the matter revolved around whether the actions against Mr Fraser had the tendency to obstruct or impede the House in the performance of its functions and whether they amounted to ‘assaulting, threatening or disadvantaging’ him. The committee also considered whether the actions taken against Mr Fraser might deter others from giving evidence to select committees in the future. These questions were drawn from the Standing Orders of the House of Representatives which, since 1996, have defined contempt and given examples of actions likely to be treated as a contempt. This information was included in Standing Orders on the recommendation of a 1995 review of the Standing Orders in order to assist members and others in understanding the types of conduct likely to give rise to contempt proceedings.

The committee heard evidence from Mr Fraser and Mr Boyce and from the Clerk of the House of Representatives. In appearing before the committee Mr Boyce, stated that TVNZ had not intended to undermine the working of Parliament in taking disciplinary action against Mr Fraser and that it had acted solely to protect the interests of the company. In the course of the inquiry, the legal advisers to TVNZ admitted they had given advice about Mr Fraser’s situation only from an employment law point of view and had overlooked Standing Orders. The general counsel to TVNZ also stated, in a letter to the committee, that he had little knowledge of Standing Orders as they related to privilege and contempt, and ventured the view that most company secretaries or general counsel would be in a similar situation.

The committee found that the disciplinary action taken against Mr Fraser by TVNZ amounted to a contempt. It stated that it is a contempt to later penalise a person solely on the basis of evidence given to a select committee and that, in penalising Mr Fraser, TVNZ disadvantaged him, and may have discouraged others from giving
evidence in future. The result of these actions had a tendency to obstruct or impede the House in the performance of its functions. The committee went on to state that it could find that a contempt was committed even when the contempt was inadvertent. It also expressed concern at the ignorance of TVNZ about Parliament’s rules.

The committee noted that it was ‘not prepared to merely repeat past warnings’ regarding obligations of State agencies to Parliament and its committees, and stated that future breaches of privilege or contempt of this nature might incur a higher fine. In 2003 it had admonished State-owned enterprises to be forthright with select committees, following its consideration of an allegation that New Zealand Post Limited had misled a committee. In that report the Privileges Committee emphasised that ‘select committees, on behalf of the House, have an important role in scrutinising the performance of State-owned enterprises to ensure that public money is properly accounted for.’

The Privileges Committee, in its interim report presented on 5 April 2006 and adopted by the House on 6 April, found that TVNZ had committed a contempt, and the House punished that contempt by requiring a formal written apology from the board and imposing a $1,000 fine. The report of the committee was considered in the House and members commented on the quantum of the fine and the signal that it sent to the State sector. Hon Peter Dunne, a member of the committee said:

why a fine of $1,000? I was the one who proposed that measure, my reason was simple, and I am pleased that the committee, in the main, adopted the viewpoint. This was not about punishment in any monetary or punitive sense. This was about sending a signal that we had reached the end of our tether in terms not only of the contemptible behaviour of this organisation, TVNZ, but of others, as well. We wanted to back up that signal with something more than just the customary strong rhetoric that could go away once the dust had settled.

Dr Wayne Mapp, also a member of the committee, added:

Yes, it is a small fine at this stage, and the reasons for that have been well canvassed. We were affirming a right to levy a fine for the first time in 103 years. But future breaches — and we have specifically noted this in the report — will result in much heavier fines.

TVNZ wrote a letter of apology, which the Speaker read to the House, and paid the fine.

**The power to fine**

The Parliament of New Zealand largely inherited its powers, privileges and immunities from the British House of Commons. The New Zealand Constitution Act 1852 authorised the establishment of parliamentary government in New Zealand. The Act required the House to draw up standing orders and provided that anyone who was not a member of Parliament should not be subjected to any ‘pain, penalty or forfeiture’ under those standing orders. The Act also provided for the Parliament to make laws ‘for the Peace, Order and good Government of New
Zealand’. The first Standing Orders were adopted by the House on 9 June 1854. While the Standing Orders stipulated that all matters of privilege ‘shall be immediately taken into consideration’ there was nothing to define or limit the scope of privilege. The Standing Orders contained a section dealing with contempt and its relevant sections are set out below:

120. That any Member who shall wilfully disobey any order of the House, and any Member or other person who shall wilfully or vexatiously interrupt the orderly conduct of the House shall be guilty of contempt.

121. That any Member adjudged by the House for any of the causes hereinbefore mentioned, guilty of contempt shall be fined in a penalty at the discretion of the House, not exceeding Twenty Pounds ... 

These Standing Orders clearly applied only to members of the House (and later to officers of the House). The New Zealand Parliament did not possess all of the privileges of the British Houses of Parliament because these were based on tradition and ancient usage. Accordingly, there was a move to put parliamentary privilege on a statutory basis in New Zealand. The first attempt was the Privileges Act 1856 which provided for the fining of persons other than members. However, this power was repealed and replaced through the less precise Parliamentary Privileges Act 1865. This Act was re-enacted in the Legislature Act 1908 and provides that the House of Representatives:

and the committees thereof... shall hold, enjoy and exercise such and the like privileges, immunities, and powers as on the 1st day of January 1865 were held, enjoyed, and exercised by the Commons House of Parliament of Great Britain and Ireland ... whether such privileges, immunities or powers were so held, possessed or enjoyed by custom, statute or otherwise.

The Legislature Act 1908 remains the basis of the privileges enjoyed by the House of Representatives today. The somewhat vague definition of the privileges of the House makes it difficult to assess whether or not the House has the power to fine. Whether or not the House has the power to exact fines depends upon whether such a power was ‘held, enjoyed and exercised’ by the House of Commons on 1 January 1865. The term ‘exercised’ must be considered in the sense of ‘exercisable’ as it was clearly not intended to restrict the privileges to those actually used on 1 January 1865.

The Commons had not fined anyone for nearly 200 years at the time the Parliamentary Privileges Act 1865 was enacted. However, not exercising a power does not necessarily mean that that power has been forfeited. An analogous position can be drawn between the Common's power to fine and its power to imprison which was not used between 1450 and 1620. The power of the Commons to imprison was well recognised in 1865. Similarly, the power to suspend members from the service of the House of Commons was not used for nearly 200 years but has since been used on several occasions. If the House of Commons (and therefore the House of Representatives) did not possess the power to fine then it would be unusual that it possessed the much greater power to deprive a person of his or her liberty. The
possession of the power to imprison has never been questioned, even though it has never been used in New Zealand. 13

The power to fine belongs, by common law, to all courts of record in Great Britain. That the Houses of Parliament are Courts is a notion which sprang from their origins as the King's Court from which law was declared and justice administered. 14 The House of Lords, as a Court recognised by the Bill of Rights 1688, undoubtedly possesses the power to fine. On the other hand, the House of Commons has virtually abandoned the claim that it is a court though it has not surrendered all of the associated powers. 15

It can be argued that, in the absence of any statutory authority, the House did not possess the power to fine on 1 January 1865. In 1967 the Select Committee on Parliamentary Privilege recommended that the Commons should be given the statutory authority to impose fines and the Committee on Privileges repeated this recommendation in 1977. 16 These recommendations suggest that the power to fine had been lost or that it had never existed.

The Commons last imposed a fine in 1666 and the fining was regarded as valid. 17 Another argument advanced in support of the Commons' ability to exact fines is that it continued to exact fees from people committed for contempt after 1666. It is contended that these fees were similar in nature to a fine. However, the levying of fees was to recover committal costs rather than a punishment in its own right. 18 There does not seem to be any clear answer to the question of the validity of the power to fine. The power clearly has not been lost after falling into disuse, but the generally accepted policy in the House of Commons today is that it now has no power to fine. Until the House of Commons attempts to fine someone, and that attempt is challenged, the position is unlikely to become more certain.

There is evidence to suggest that in 1865, the year in which the Parliamentary Privileges Act was enacted, people believed that the power to fine was transmitted to the New Zealand House of Representatives. Hugh Carleton, Chairman of Committees at that time, stated his belief that the power still existed. 19 In addition, the 1865 edition of Erskine May suggested that the Commons had the power to fine.

The New Zealand Standing Orders Committee, in its 1989 report on the Law of Privilege and Related Matters stated that it did not necessarily accept that the power to fine had never been transmitted by the Parliamentary Privileges Act 1865 (and later by the Legislature Act 1908) merely because it had fallen into disuse in the House of Commons. Nevertheless, the committee recommended that the power to fine a person for contempt be confirmed by express enactment. 20

The reforms recommended by the Standing Orders Committee did not proceed. The Department of Justice advised that it was questionable whether the House should retain the powers to fine and imprison, and suggested that these aspects of the law
of parliamentary privilege were incompatible with the New Zealand Bill of Rights Act 1990. There were objections from the Legislation Advisory Committee (LAC) over the existing law of privilege as it was not set out in an authoritative and accessible form for citizens. The LAC recommended legislative reform to set out the privileges that potentially affect strangers. As a result of this advice, action on the bill was deferred.

Since 1989 some action has been taken to clarify or strengthen parliamentary privilege in New Zealand. The Standing Orders contain a definition of contempt — acts which impede or obstruct the House, its members and officers. In addition, a list of examples of specific contempts was included in the Standing Orders for the first time. This was a step towards codifying and clarifying the rules of privilege. However, no statute or Standing Order prescribes the punishments for a breach of privilege or precisely defines the limits of privilege. The codification of privilege inherently limits the application and scope of privilege. The House has demonstrated a desire not to limit itself in this respect and has preserved the generality of the definition of contempt through the wording of Standing Orders.

In 1994 Hon David Caygill introduced the Parliamentary Privilege Bill, which aimed to refine and clarify parliamentary privilege, placing it on a statutory basis. The bill would have removed from Parliament the power to fine or imprison for contempt and provided that punishments of that nature should be pursued in the High Court. The bill provided for fines of up to $10,000 for a person and $50,000 for any other body convicted for contempt. It also provided for a term of imprisonment of up to three months for a person convicted of the same offence. During the 44th Parliament, a select committee was established to consider the bill but did not report it to the House before the Parliament was dissolved.

Doubt over the ability of the New Zealand House of Representatives to fine strangers, and over the power of the House to enforce its penalties, was raised when the first stranger was fined in 1896. At that time, some members expressed the opinion that parliamentary privilege should be defined by statute. Nevertheless, the House fined strangers on three later occasions and, given its recent actions, clearly regards the exercise of the power as valid.

**Enforcing fines imposed by the legislature**

The fines imposed by the House of Representatives have, in each of the six cases to date, been paid promptly. It is interesting to consider the consequences of a refusal to pay a fine. Under New Zealand criminal law persons against whom a fine has been imposed can be subjected to a variety of measures to compel the payment of the fine. Ultimately, they can be imprisoned for refusing to pay when they have the means to do so. These enforcement powers apply only to fines imposed by courts of law, not those imposed by the legislature which holds the exclusive right to control its own proceedings. Without a statutory basis to impose penalties,
Parliament could not turn to the courts to ask for judicial enforcement of a punishment imposed by the House.\textsuperscript{24}

Many of the people punished for contempt in New Zealand have been professionally associated with Parliament. Members of Parliament and press gallery journalists, for example, both have a strong interest in accepting the punishment imposed by the House so that they can return to their normal duties as soon as possible rather than face any further sanction over an unpaid fine. In the case of TVNZ, or any other State sector entity, it is unlikely that it would ever refuse to pay a fine or accept some other punishment imposed by the House. State-owned enterprises like TVNZ are answerable to Parliament for their performance and the board of directors is appointed by the government. However, it is not clear what would occur if a fine were imposed on a person or organisation that felt no obligation to pay it. While disobeying an order of the House to pay a fine could, in itself, be a contempt further punishment by way of additional fines may not be any more successful than the fining for the original offence.

When William Watson was fined in 1896, the original motion to fine him included a requirement that he be held in the custody of the Serjeant-at-Arms until the fine was paid. The motion was amended so that Watson was free to leave the House and pay the fine. It is unlikely that the House would seek to imprison a fine defaulter today. However, predicting future decisions of the legislature is an uncertain business. This author predicted, a little more than a decade ago, that it was unlikely that the House would seek to impose a fine without some clarification of its power to do so.

\textit{Wider issues of protection of witnesses}

In 2006 the Privileges Committee also stated its intention to continue to examine the wider issue of the protection of witnesses and the extent to which any action may be taken against them as a result of their appearance at a select committee. In a separate report, it reaffirmed the fundamental importance of protecting witnesses who gave evidence to select committees. It also considered whether it was realistic to assume that the giving of critical or prejudicial evidence to a select committee would not harm relationships, such as those between a minister and public servant or employer and employee.

The committee made it clear that while evidence given to a committee cannot be used in legal proceedings, conduct revealed in that evidence could be subject to further investigation and action.\textsuperscript{25} The committee stated that disadvantaging a person solely on the basis of evidence given to a committee may be a contempt, but it noted that the power to make a finding of contempt is discretionary and requires consideration of the individual circumstances of each case. It considered that the House would be unlikely to afford protection to a witness who used the House’s privileges to give extravagant or unjustifiable evidence to a select committee. Further, the committee stated that even where evidence was given responsibly, the
House could decline to use its power to punish for contempt if the action taken against a witness were understandable in the circumstances. It used the example of an official who gave evidence that was critical of his or her Minister, or of government policy. The committee considered that it would be reasonable for the employing department to move the official to another policy area or to a role where there was no contact with the Minister as a result. It emphasised that evidence given to a committee could not form the sole basis for action against the person who gave it but it could act as a prompt for further inquiry, outside parliamentary proceedings.

The committee recommended amendments to Standing Orders to include two factors – the conduct of a person taking part in parliamentary proceedings and the nature of the action taken against him or her as a result — in determining whether to punish for contempt. Those amendments were made to Standing Orders in late 2008.26 The committee concluded by encouraging State sector agencies to provide better guidance to State enterprises and Crown agencies on their duties and responsibilities in relation to parliamentary accountability.

Conclusion

Reviving the power to fine resurrects the issue of whether the legislature should possess punitive powers at all. Currently, the powers to punish for contempt are limited to those that are required for the proper functioning of the House. They enable the House to control its proceedings and to impart and receive information freely. As a result, they extend protection to people who are not members of Parliament and place certain obligations on them. The powers of the House should strike a balance with the individual rights and freedoms granted by the New Zealand Bill of Rights Act 1990. The House has taken significant steps towards recognising those rights and freedoms by incorporating natural justice measures into Standing Orders. However, without the power to punish for contempt the House has only ‘the customary strong rhetoric that could go away once the dust had settled’, as one Privileges Committee member put it.27 To date, the power has been used sparingly.

One of the principal objections to the House possessing the power to punish strangers for contempt was expressed by the Legislation Advisory Committee:

> the extent and nature of those privileges are nowhere set out in an authoritative and accessible form, legislative or otherwise. It is a basic principle of our legal system that law be accessible and certain so that citizens can know the rights they are to enjoy and the obligations to which they are subject. And fair procedures should apply.28

The House has codified somewhat the extent and nature of its privileges by providing a general definition of contempt and examples of contempts in Standing Orders. However, the Standing Orders are silent on the nature or extent of penalties available to the House.
The question that remains is whether Parliament’s power to protect its privileges and punish contempt should have a statutory basis. In Australia, the Parliamentary Privileges Act 1987 gave the House of Representatives the power to fine for contempt, after many years of doubt as to whether it had the power to do so. Legislating for the ability to fine for contempt would give certainty over the use of the power and placing the power in the general law, rather than in Standing Orders, which could improve public understanding of the power. It could also provide a statutory basis for enforcing the payment of fines. The Australian Parliamentary Privileges Act codifies all of the punishments that the House is able to impose and provides maximum tariffs for fines and imprisonment. The Act also provides that fines are debts due to the Commonwealth that may be recovered in the courts. There has been no indication that the New Zealand legislature wishes to provide a legislative basis for its powers to punish for contempt since the 1994 Parliamentary Privilege Bill lapsed. The Privileges Committee recently stated its preference to retain the strong delineation between the legislature and the judiciary. In a report on freedom of speech by members in the context of court orders, the committee concluded that knowingly breaching a court order suppressing information ought to be treated as a contempt of Parliament. While reflecting a desire to protect a court order from abuse under the privilege of freedom of speech, the recommendation also reflected a preference for the House to deal exclusively with infringements against its privileges, rather than to involve the courts.

The fining of TVNZ was notable for three elements. First, it represented the only fine imposed by the House of Representatives in more than a century. Second, it was an agency of the state that was fined to punish its infringement against the privileges of the House. Third, the willingness to fine for contempt showed how vigorously the House defends its privileges. The amount of the fine was trivial when compared with TVNZ’s $57.3 million annual surplus but the signal it sent was unmistakable. The House of Representatives expects to receive full and frank disclosure of information to which it is entitled and it will punish those who attempt to interfere with the privilege of free speech. It will be interesting to observe future use of the power to fine, particularly who is fined and the amount of the fines, given that there is no maximum prescribed. Of even greater interest would be whether the subject of a fine sought to challenge in Court the authority of the House to fine. Recent history has shown that it is difficult to speculate accurately about the future use of the power to fine.
Endnotes

1 A more detailed examination of the fining of Lusk and Gisborne can be found in D. Wilson, Questions of Privilege: Case Studies from New Zealand’s Parliament, 1999.
2 A more detailed examination of the fining of Watson can be found in D. Wilson & C. Rankin, Tales of Two Contempts: Two Episodes from New Zealand’s Parliament in the Nineteenth Century, 1998.
3 AJHR, 1985, I. 6A.
4 Privileges Committee, Question of privilege relating to an article published in the Sunday Star-Times purporting to summarise the contents of a draft report of the Māori Affairs Committee on its inquiry into the Crown Forestry Rental Trust (I.17D). 14 October 2003.
5 Privileges Committee, Three questions of privilege concerning disclosure of select committee proceedings (relating to the disclosure of proceedings of the Law and Order Committee's meeting of 30 November 2000, and the disclosure of proceedings of the Primary Production Committee and the Commerce Committee) (I.17A). 13 May 2003.
7 D.G. McGee, Parliamentary Practice in New Zealand, 3rd edn, p. 618.
10 Question of privilege referred 28 February 2002 in relation to information given by New Zealand Post Limited to the Finance and Expenditure Committee, I.17B.
18 Philip A. Joseph, Constitutional and Administrative Law in New Zealand, p. 393.
19 New Zealand Parliamentary Debates, 1865, p. 318.
21 Auckland Star, 20 July 1896.
25 Privileges Committee, Question of privilege on the actions taken by TVNZ in relation to its chief executive, following evidence he gave to the Finance and Expenditure Committee (I.17B). October 2006.
26 Standing Orders Committee, Review of Standing Orders, August 2008, I 18B.
29 I.C. Harris (ed.) House of Representatives Practice, Canberra 2005, pp. 738–42