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B18

Nats divorce Peters

Key cuts NZ First leader loose but PM says wait for report

by Audrey Young
political editor

National Party leader John Key has effectively ruled out having New Zealand First leader and Foreign Minister Winston Peters as a minister in any government he leads and called on Helen Clark to stand him down from her Cabinet.

"That is what I would do if I were prime minister," he said. "Helen Clark has stood ministers from Labour down for much less."

Helen Clark is reserving judgment until the privileges committee report into the \$100,000 donation Monaco-based billionaire Owen Glenn made towards Mr Peters' legal fees.

She acknowledges there is conflicting evidence but said she had a duty to be fair.

Mr Key's new stance means a National government might have to rely on United Future, the Maori Party or Act for numbers to govern if it didn't win more than half the vote.

His statement came on another dramatic day in Parliament during which:

■ Mr Glenn told the privileges committee in a letter that Mr Peters had asked him for a donation, contrary to Mr Peters' repeated denials.

■ Mr Peters said he would tell the committee about a "critical piece of information" from a conversation he had had with Mr Glenn — but refused to give any details.

■ Act leader Rodney Hide tried to use parliamentary privilege to make further allegations against Mr Peters but was repeatedly blocked by the NZ First leader.

NATIONAL'S SURPRISE MOVE

In a press conference yesterday afternoon at Parliament, Mr Key said Mr Glenn's letter to the privileges committee contradicting Mr Peters was a direct challenge to the credibility of Mr Peters, who had denied any knowledge of a donation from Mr Glenn until last month.

Mr Key said governments and ministers had to enjoy the confidence of Parliament.

"It is no longer acceptable or credible for Helen Clark to assert a facade of confidence in her Foreign Affairs Minister and fail to ask the plain questions of him that she has a duty to the public to ask."

Mr Key has not entirely ruled out working with NZ First after the election — which must be held by November 15.

"Mr Peters will be unacceptable as a minister in a government led by me unless he can provide a credible explanation."

That meant not just saying Mr Glenn was wrong, but proving he was wrong.

Mr Key believed the chances of that happening were "extremely low".

He cast doubts on Mr Peters' veracity himself, saying that Mr Glenn had no motive to lie but Mr Peters "on balance" did.

Referring to Mr Key's new stance, Mr Peters said in Parliament last night that the National Party leader was "behaving tough



IN LIMBO: Helen Clark is standing by Winston Peters for the time being but John Key wants him sacked.

DIGITALLY ALTERED IMAGE

New poll shows gap is closing

by Paula Oliver
political reporter

National is shedding support to chief rival Labour as the election nears, but it still has enough backing to govern the country alone in the latest Herald-DigiPoll survey.

Like several other polls over the past month, the August DigiPoll shows a narrower gap between the two major parties of 13.7 percentage points — far smaller than the 24.6 point difference seen in the same poll in July.

John Key and Helen Clark are neck and neck as preferred prime minister.

National registers 50 per cent support in the poll — still a huge number given that an election is less than three months away.

But the trend will be something of a worry to the party, with its support dropping 5.4 points since July while Labour's has lifted 5.5 points to 36.3 per cent.

AUGUST POLL		
Party preference	NATIONAL	50.0%
	LABOUR	36.3%
	GREENS	5.1%
	MAORI	3.1%
	ACT	2.3%
	NZ FIRST	2.1%

750 respondents, Aug 3 to Aug 25. Margin of error 3.6%. HERALD GRAPHIC

It is the closest race registered in the Digi-Poll since March of this year when there was a 10.6 per cent difference.

Translated into seats in the House, National could govern alone with 62 seats in a 122-seat Parliament — something Mr Key will be conscious of given his move yesterday to effectively rule out working with NZ First leader Winston Peters after the election.

Mr Peters' party would fail to reach Parliament on the poll's results — NZ First registered just 2.1 per cent support. In July it reached 4.1 per cent, which suggests the ongoing controversy surrounding Mr Peters is hurting his party.

National's fall in support has come after a month in which it has been under pressure on several fronts, including over secret recordings taken at its annual conference cocktail party which fuelled Labour claims that Mr Key has a "secret agenda".

While National has been releasing more policy, such as its welfare and energy plans, it appears to have had little impact.

An analysis of where National has shed support shows it is down five percentage points in Auckland while Labour is up almost the same amount.

INSIDE
Results in full — Politics, A6

with a wriggle-out clause".

"It is not clever, it is not experienced, it is not smart and it is not wise."

National deputy leader Bill English added to the pressure on Labour by suggesting that Mr Glenn must have told Helen Clark that he had donated to NZ First.

That was because Mr Glenn had a private meeting with the PM in Auckland on February 21, the same day that there had been prominent speculation in the media that Mr Glenn had donated to NZ First.

HELEN CLARK'S DILEMMA

Mr Peters' political crisis overshadowed what would otherwise have been a hugely important day — winning enough support to progress the Labour-led Government's emissions trading legislation.

Helen Clark has been relying on NZ First's support for that flagship policy, and any decision to stand Mr Peters down could have overturned that result.

INSIDE

More allegations — A2
Peters should resign now —
Editorial, A10

There are several other large bills on which the Government is depending on NZ First's support, including the Real Estate Agents Bill and the legislation to abolish the Serious Fraud Office.

In Parliament, Helen Clark condemned Mr Key's attacks on Mr Peters, saying that in the interests of justice she had to wait until the privileges committee reported — expected next week or the following week.

"If the death penalty applied, Mr Key would be hanging people before the trial was finished," she said.

Asked earlier if she had sought an explanation from Mr Peters, she said: "Yes,

and I have received an explanation, which is that he refutes the suggestions.

"I have a duty to be fair. We are in the middle of a parliamentary process."

THE OWEN GLENN LETTER

The privileges committee met yesterday morning and released Mr Glenn's letter and a counter-letter from Mr Peters.

Mr Glenn's letter contradicted evidence given by Mr Peters' lawyer, Brian Henry, last week that he had telephoned Mr Glenn at the suggestion of an unnamed client to seek financial help for Mr Peters' Tauranga electoral petition against National MP Bob Clarkson.

Mr Henry said he had told Mr Peters about it in July.

However, Mr Glenn's letter said the donation was at Mr Peters' request.

"Mr Peters sought help from me for this purpose in a personal conversation, some time after I had first met him in Sydney."

Key trusts his currency-trader instincts in a high-stakes gamble

IN SLAMMING the door in Winston Peters' face by ruling him and his party out of post-election negotiations, National has made a huge call. But it is the right call politically.

The decision to accord pariah status to the NZ First leader throws down the gauntlet to Labour to do the same. It drastically ups the ante on Helen Clark to sack Peters from his ministerial portfolios following Owen Glenn's damning testimony to Parliament's privileges committee.

The Prime Minister can't. She needs NZ First now and after the election. She needs Peters in the short term to pass Labour's flagship Emissions Trading Bill. She needs to



remain onside with Peters in the medium term for Labour to have any show of a fourth term in Government.
Her excuses for not ditching Peters make her look weak, however. It makes Labour look like it will ignore anything he does

simply to cling to power.

In wiping his hands of Peters, John Key looks strong. It reinforces National's "real change versus no change" message.

Even if he has given himself what Peters calls "a wriggle-out clause", Key has secured a massive moral advantage which he can take into the election campaign.

A silent majority will quietly applaud the removal of Peters as perennial kingmaker. It will applaud and then reward Key for standing up to Peters rather than buckling to his demands and whims.

Key is still taking a gamble. National could miss out on Government for another three years if NZ First holds the balance of power.

However, this is the gamble of John Key, the money trader, the gamble of someone who sees the potential dividends far outweighing the costs and is willing to trust his instincts.

The ploy is well timed. Labour is starting to recover in the polls. National's rejection of Peters now implicitly ties him and his party to Labour, which was already in danger of suffering collateral damage from his truculent behaviour of recent weeks. Someone who Labour had tried to keep hidden in the garage is now running amok in the living room.

However, the big plus for Key is that he can now argue that a vote for NZ First is effectively a vote for Labour. And he can say a

vote for Labour is a vote for NZ First.

Peters can no longer argue that a vote for NZ First is a vote for a moderating force on a National-led government.

Beyond the obvious — Peters' denying National appear few.

It could increase the likelihood of Labour tacitly collapsing its vote in Tauranga to boost Peters' chances of winning back the seat — especially if NZ First looks like it is not going to reach the 5 per cent threshold. But National does not think that would give him enough votes to win.

NZ First loyalists will see National as capitalising on circumstances to complete its

long-held objective of destroying Peters and his party. Peters is already arguing that Key is the puppet of the same (unspecified) forces within National who plotted to have him removed from the party's ranks in the late 1980s and early 1990s.

Ruling out dealing with Peters will also be criticised as another sign of National's desire to get rid of MMP. In fact, it is a further maturing of MMP. For the first time, one party is formally ruling out negotiations with another on grounds other than ideology.

Key has effectively drawn a line in the sand which declares the majority will no longer be held hostage by the unacceptable behaviour of a minority.



Buying a new car?

Don't drive away thinking you've done a great deal, only to discover you've just been done continued on A4

