

**Votes and Proceedings
Of the
Eighteenth Parliament**

No. 8

**First Sitting of the Sixth Meeting
Thursday, 9th October 2008**

10.00 a.m.

1. The House met at 10 a.m. in accordance with the resolution of the House made on Friday, 5th September 2008.
2. Hon. Riddel Akua, M.P., Speaker of Parliament, took the Chair and read Prayers.
3. **Statement from the Chair**

Hon. Riddel Akua, M.P., Speaker of Parliament, made a statement on House Matters which reads as follows:-

Honourable Members, I need to make a few remarks as follow-up to the statements I have made in previous sittings.

Firstly, Ms. Katy LeRoy's contract as Parliamentary Counsel has been signed and duly ratified by the House Committee. She will begin her duties on October 13, this year.

Secondly, as Members would have noticed construction work is being carried out in the main Parliament building. Office configuration work is carried out where the Committee Room has been moved and will be situated on the top floor where the dining room is now. That floor will serve 3 purposes. It shall remain as a diner for Parliament dinner functions, the other two offices shall serve as committee rooms. When these offices are completed, committee work can run simultaneously depending on the need.

What used to be the Committee and library rooms, upon completion will serve as offices for the Parliament Secretariat staff. The former library will hold the Hansard staff while the latter, the Committee room will hold the supporting staff. The PAC office is also reconfigured to staff the Chairman and his supporting staff.

The front office when eventually worked upon shall hold nine offices for the Members of Parliament. The whole project is on schedule and within budget and shall be open on Christmas Day. Eigigu Holdings has undertaken the construction work and I hope it remains with them until completion.

With the CPA grant of \$20,000 the items bought with this amount still awaits arrival. The recording/listening device will enhance the parliamentary verbatim and some more computers to fill the work places. I assure this august House the completion of Hansard will be the focal point once the offices are completed with the arrival of these new equipments. I hope by November all items will have arrived and used immediately.

With the parliamentary twinning concept, the idea had been conceived and awaits implementation. Your Parliament is twinned with the Victorian Parliament in Australia.

The parliamentary strengthening project has come up with some twists. The UNDP Nauru desk office arrived in Nauru several weeks back and informed me that UNDP can only fund the first phase of the project, but the rest of the project must be funded by ourselves. The quantum was USD876,000 and because of lack of funds it was cut back to

USD225,000 for the whole project. Because of fear that the funds are too insufficient and that the project will deteriorate, the UNDP office has proposed that the amount procured be them shall be allocated for the first phase of the project and thus the onus is on us to procure funds for the rest.

So in the first year 2009, funding available is USD225,000, for the second and third phases of the project the amount quantifies to USD651,000. Given the importance of the project to Nauru, my staff recommended proceeding with the proposal but UNDP shall grant the first of the funding only if we can guarantee to procure and allocate funding for the rest. Essentially a project that was recommended by UNDP and totally funded has now rested upon our laps to continue. Failure to do so will mean suspending the project until funds can be sourced. Essential dialogue need to be carried out with the Minister for Finance and myself.

With these few words I thank you all for your kind attention.'

4. **Questions without notice** were asked.

5. **Leave of Absence**

(i) Mr. Dowiyogo (Ubenide) sought leave of absence for Mr. Adeang (Ubenide) who was away sick.

Mr. Bernicke (Buada) seconded.

Leave was not granted.

(ii) Mr. Dowiyogo (Ubenide) sought leave of absence for Mr. Amwano (Ubenide) who was away overseas.

Mr. Bernicke (Buada) seconded.

Leave was granted.

(iii) His Excellency President Marcus Stephen sought leave of absence for Hon. Roland Kun (Minister for Education) who was away overseas on government business.

Hon. Dr. Kieren Keke (Minister for Finance) seconded.

Leave was granted.

The Chair, with the consensus of the House, suspended the sitting and to resume when the bell rings.

Resumed.

6. **Ministerial Statements & Tabling of Papers**

(i) His Excellency President Marcus Stephen made a brief report on his recent trip to New York which reads as under:-

'Mr. Speaker, I am pleased to provide this House with a brief report of my recent trip to New York to attend the 63rd Session of the United Nations General Assembly debate.

On 24th of September I had the distinct honour of addressing the United Nations General Assembly for the first time as President of Nauru. I was equally honoured to be the first leader amongst the neighbouring Pacific island countries to address this august assembly.

In my address to the United Nations I spoke of the many challenges and constraints that Nauru faces as a small island state. In particular I spoke of the significant progress that we have made in rebuilding our economy. I cautioned that we would still need

ongoing assistance from our development partners if our recovery efforts are to be maintained and sought further assistance from these countries concerned.

I also highlighted the fact that Nauru is particularly vulnerable to external factors and called for greater funding support from the United Nations and member countries to build our resilience. The high price of fuel and dramatic increase in the cost of rice are just two recent examples of how the security and livelihood of our people are being threatened by factors beyond our control.

I urged greater action and support from the developed countries in our efforts to mitigate and adapt to climatic change. I also called for the United Nations to find a solution to the unjust exclusion of Taiwan and argued that Taiwan deserves to participate in the UN and its specialised agencies.

Mr. Speaker, these are just some of the points that I raised in my debate and being mindful of time constraints will not dwell on this any longer. However, copies of my UN speech are available for those Members who wish to read it at their own leisure.

Mr. Speaker, while in New York I also took the opportunity to have one-on-one discussions with some of the leaders of the Forum countries who were also present including the Prime Minister of Australia, the Prime Ministers of Tonga, Samoa and Fiji and the Presidents of Kiribati and Marshall Islands. Whilst many issues were discussed, perhaps the most important one at the time and one which I would like to mention in greater detail here is my meeting with the Prime Minister of Fiji and the President of Kiribati and President of Marshall Islands.

Our meeting was in relation to the important issue of landing rights in Fiji. As Members would be aware, government has been pursuing this very issue for some time now hence this is a significant step towards our goal of securing the landing rights to Fiji once again. I am happy to report that our talks were very positive.

Mr. Speaker, I also had occasion to meet with representatives from the American Jewish Community (AJC) in New York. The AJC has long been a friend of Nauru and therefore I was happy to discuss and explore possible avenues for future co-operation with them. Our talks are still in its early stages but I will make sure to keep this House informed of any new development in this regard.

I also had the opportunity to meet with Professor Jackson Davis in New York. Professor Jackson Davis will not be a stranger to most of the Members here for he has had a long association with Nauru and has provided advice and information to government on phosphate and other related matters in the past.

For Members' information, Professor Davis made a very interesting presentation on the export of pinnacle rock. In the interest of time I will not elaborate on the details of his presentation but would like to state at this juncture that this project seems very promising and shows great potential to generate a lot of revenue for Nauru. In fact conservative estimates place it at hundreds of millions of dollars in revenue if it is harnessed and managed properly.

I am happy to inform this august House that Professor Davis will be coming to Nauru next month to have further discussions with government. Once again I will be sure to keep Members apprised of any progress in this important project.

Thank you Mr. Speaker.'

(ii) Hon. Frederick Pitcher (Minister for CIE) made an update report on RONPHOS which reads as follows:-

'Mr. Speaker and Hon. Members, RONPHOS update for the month of September.

There were two meetings of the Executive Committee convened in the month. The extra ordinary meetings were to discuss pending payment proposals to be submitted to Cabinet and to consider possibilities of lump sum advance payments for critical medical requests.

Four security officers were suspended for a month in the aftermath of the arson attack on the South Arm cantilever. Following an internal investigation into the reasons why the arsonists were not detected, two officers were absent during the shift, one officer left his post at the cantilever without informing Base and the supervisor of the shift did not carry a radio with him, a standard procedure, therefore he could not be contacted during the emergency.

There was one report of an injury by an employee at work. This involved one of the workers at the rail-tracks. Whilst attending mother nature's call in amongst the pinnacles, a boulder dislodged from its position and rolled onto his foot. Fortunately serious injury was prevented through his wearing of safety boots, now a compulsory feature of a production worker's attire.

A company vehicle was damaged in an accident which was attributed to DUI of the driver. The officer in whose custody the vehicle was assigned has been charged with the cost of damages.

Available land for the mining purpose is getting scarce due to the slow progress of the determination procedure, a fact which is beyond our control. Three portions have been determined and are now in the hands of Lands and Survey to prepare for gazettal. However, due to the continuing delays, mining ceased since the last week of September and has only recently restarted.

Our program of paying outstanding leases continues unabated since July 2007. The September payment completes the 2007 period. From this month (October) we move onto the Jan-June 2008 period. This will be cleared in 2 instalments by end of November, bringing us up to date with all RONPHOS outstanding leases. We then prepare for the lump sum payout in January for the June-December 2008 period at triple rates.

Peggy Nelson was engaged as accountant for 3 months but has since extended the contract to 12 months. She has been officially appointed as Financial Controller. Her service in this short time has already brought dividends especially the fact that we now have on time financial information and projected financial scenarios which is important to the management of the Corporation.

Warren Nelson was engaged as electricity engineer on 12-month contract.

William Burns was engaged as structural engineer on consultancy basis to oversee the repairs to the burnt South Arm.

For the month of September 2008, RONPHOS exported 47,150 tonnes.

For the quarter (July, August, September) RONPHOS exported 160,235 tonnes despite significant plant down-time of 317 hours (representing a loss of over \$3 million in potential earnings.)

Most of the parts ordered for this project arrived on the last cargo ship. With the arrival of the structural engineer work has commenced to have repairs completed before next month to accommodate the 2 x 30K shipments from Pivot.

Personnel from all engineering sections (plumbers, painters, boilermakers, electricians, machinists, air condition technicians, transport) were seconded to assist the cantilever structural crew and mechanics to do this work.

Due to the incapacity of the south arm, the single arm operation has caused alarm with the harbour master who is reluctant to move ships around so the arm can access all holds for loading. This has led Ports to reduce the size of ships which can come which in

turn have caused headaches for Getax & Pivot to locate ships of appropriate size. Pivot has taken the decision to forfeit its cargo for October and reschedule their loads in November when we expect the south arm to be fixed.

Finally, Mr. Speaker, pending salaries. I wish to inform this august House that pending salaries for current and former employees of RONPHOS and NPC commenced in September. These payouts commenced a month later than expected due to the diversion of critical funds for the purchase of spare parts for the south arm cantilever. I am glad to announce that pending payouts commenced on the first RONPHOS fortnight in September, and a total of \$820,000 was paid over the month as follows –

RONPHOS pending	-	\$345,000
NPC pending	-	\$373,000
Deceased	-	\$100,000

As an interim arrangement agreed by Cabinet whilst RONPHOS put together a long-term arrangement for the payment of pending, all former and current workers received minimum fortnightly payout of \$150. Those with both NPC and RONPHOS pending would receive \$150 every week. Those with larger pending salaries would receive larger weekly amounts but those with pending amounts under \$1,000 would receive the entire balance in lump sum.

This arrangement was only an interim measure and will change as soon as a permanent arrangement is designed that will see larger fortnightly payouts that would be percentage-based on the size of each employee's pending amounts. We hope to finalise this new payout system later this month, to take effect in November.

Mr. Speaker, Members will aware that these payouts have long been awaited by the public and most of these debts were accumulated since 2002 under previous governments. I still find it incredible that NPC workers continued to work in those days, despite not being paid for months on end and I commended them for their patience. These payouts will continue until all pending salaries and entitlements are fully paid within the next 4 years and will be reviewed annually.

Mr. Speaker, with these words, that ends my report on RONPHOS activities for the month of September.'

Mr. Waqa (Boe) moved that the paper be noted.

(iii) Hon. Sprent Dabwido (Minister for Transport) made a statement relating to his last two official trips overseas which reads as under:-

'Hon. Speaker, I wish to update Honourable Members on my last two official trips overseas in the last two months. Both trips were related to the shipping and maritime industry.

On 11th August the Secretary for Transport and I met in Brisbane with interested parties who had shown an interest to develop various options to provide alternate shipping service to Nauru. The meeting showed a lot of potential and due to the commercial sensitivity of such proposals I am not at privilege at this stage to elaborate any further but the talks are continuing.

I assure this House that my department is keen to continue to look at options and ways in improving the shipping service to Nauru.

The second trip I attended was the Pacific Forum Line Directors Meeting held in Samoa on the 10th and 11th of September.

The mandate I was given by Cabinet and Caucus was to explore any options which are in the best interests of Nauru. The Cabinet and Caucus concerns were that

commercial and financial results and the outlook of the PFL was looking very challenging and wanted to be assured by PFL that Nauru's investment in PFL is protected.

The PFL meeting revealed that the future does appear to be a challenge not only for PFL but all shipping companies. It also revealed that the management was and is implementing strategies to counter the difficult times ahead.

The strategies also include getting a second independent shipping consultant, Thompson Clark Shipping of Sydney, to look and assess the value and future of PFL. The report is to be completed by late November and presented to the PFL Board and shareholders in December.

Honourable Members, Nauru's position now is to await that report and then based on that Nauru will decide the way forward for that investment.

For information of the House, the Nauru investment in PFL is 72,000 shares, the current share value is approximately NZ1.72 per share.

Mr. Speaker and Honourable Members, I thank you for your kind attention.'

(iv) Hon. Dr. Kieren Keke (Minister for Finance) made further significant updates within the Department of Finance which reads as follows:-

'Mr. Speaker and Honourable Members, I am pleased to provide further updates on some of the more significant issues that continue to be progressed since the last sitting by the Department of Finance.

The Department of Finance continues to progress and implement many of the initiatives contained in the Budget passed by this House in July.

Further to the updates I provided last month, I wish to advise that Finance officials met with most of the bingo operators last month and a report has been submitted summarising the main issues. Government is considering the report as well as developing new legislation to cover all forms of gambling and gaming. The revenue from bingo has been less than estimated at budget time, but appears to have now stabilized. It is anticipated that some of this short fall may be recovered through fees applied to other forms of gambling in particular horse betting.

As provided for in the Budget estimates, government intends to generate some revenue from the sale of ex-IOM assets that are not needed by government departments. The ex-IOM assets at State House have been re-assessed and government will progressively make those items that are not needed by government departments available for sale to the public. It should be noted, however, that a lot of supplies and materials from the OPC have been and continue to be used across all government departments. This in itself represents a considerable cost-saving to government and has assisted in improving the work of many departments. A significant amount of construction materials from OPC is being used to assist the rebuilding of the prison.

The collection of salary deductions for electricity bills was a new revenue initiative announced in this year's Budget. This will help to pay for the purchase of diesel to provide power, which is a very expensive exercise, particularly with the Australian dollar depreciating so sharply over recent weeks. This measure is something that we must accept as a step towards the inevitable need for everyone on Nauru to begin paying for electricity. The contribution from households, even with the \$25 per fortnight salary deduction is only a small part of the overall costs of providing electricity, but is important if we wish to see further improvements in our power supply. The automatic salary deductions will commence next week. For those households who have not nominated whose salary is to be deducted, an automatic deduction will be made from the highest paid worker in the household.

The Department of Finance is preparing the Final Budget Outcome for 2007-08 for submission to the Director of Audit. This will result in the first audit of Government accounts for the first time in more years than I care to recall. Further, audit of our Suva office has recently been commissioned, audit of our Taipei mission has commenced.

These are but a few of the many activities the Department of Finance and government on the whole are progressing to implement the Budget measures announced in July.

***Aid** - Mr. Speaker, in September I took the opportunity to provide a comprehensive overview of the projects and activities of our development partners. I will now highlight some of the subsequent developments.*

***Government of Australia** - In September, the Aid Management Unit hosted a number of visiting AusAID consultants who were reviewing various aspects of the Australian aid program. This included a review of progress at the power station and the installation of our Ruston generators to replace the rental generators. Consultants also began work on a full review of Nauru's telecommunications. This work will provide government with expert advice on immediate measures to improve our communications and phone systems which will be part of a 10-year strategy that will be presented to government in November.*

The government has commenced work, with funding provided by the Department of Immigration and Citizenship, on converting a number of existing rooms in the Meneng Hotel into fully self-contained apartments to provide suitable long-term accommodation for the various expatriate staff employed by government.

An Australian funded expert, Mr. Tim Adams, has joined Fisheries as part of the Fisheries Institutional Strengthening Program, and a new Budget Advisor, Mr. Winston Rodrigues, has joined the Department of Finance.

***European Union** - The European Union's assistance to Nauru is currently provided through the 9th European Development Fund (EDF9).*

One of the main projects under the EDF9 is the EU's regional Renewable Energy Program 5 (REP5). For Nauru this is providing infrastructure, technical and in-kind assistance, including the installation of grid connected solar panels at Nauru College. The PV solar panels were installed on the roof of Nauru College last week. Around 2000 prepaid electricity meters for households and businesses are expected to arrive on the next ship and it is hoped that installation will be completed by the end of this year.

***Japan** - The Government of Japan has indicated its willingness to provide another shipment of diesel in 2009. This is a most welcome development as Japan's earlier position was that it would not be able to provide further diesel after this year.*

***Debt Management Strategy** - Dealing with Nauru's enormous inherited debt burden is one of the greatest challenges facing the Government of Nauru.*

The Department of Finance has begun negotiating with creditors to accept a very substantial write-down or rescheduling of Nauru's debts, with a view to establishing a schedule of modest repayments when the budget position allows. Importantly, the government has also commenced discussions with the current owners of the Series B and C Japanese Yen bonds, which represent the largest single debt owed by Nauru. It is pleasing to note that a number of creditors have acknowledged our difficult situation and have agreed to forgiving our debt and writing it off.

In terms of our internal debt, the Department of Finance is developing a spreadsheet to handle the inter-related debts owed between our various state-owned enterprises. This will enable us to commence a process of addressing these debts.

This is a significant step towards addressing and ultimately overcoming the horrendous debt burden left to Nauru by previous generations.

A further submission with updated details regarding Public Service pending salaries is expected to be presented to Cabinet late next week to ensure government's aim of paying this year's first instalment of pending salaries sometime before Christmas can be achieved.

Price Control - *Members will recall that I tabled the new Prices Regulation Bill last sitting and this Bill was enacted by the House. Government has already made use of the new Act to regulate the price of rice and fuel. It is clear however that hoarding of rice by certain sectors remains a major problem. Government is continuing to assess ways that this type of problem can be prevented so as to ensure that staple foods like rice are always available.*

MYOB - *The AusAID funded MYOB consultant is currently on Nauru to work with the local MYOB implementation officer and to provide continued support to SOEs in the preparation and submission of accounts.*

More importantly, the consultant has begun the process of extending the roll-out of MYOB to RONTEL, NC Supermarket and government as agreed through the MOU negotiations with Australia.

Banking - *As I stated in my last update to the House, the re-establishment of full banking services on Nauru remains a high priority for your government.*

The Australian Government has been very supportive of our efforts and the personal involvement of Prime Minister Rudd and Foreign Minister Smith has certainly been a great positive.

Tomorrow I will be having further discussions with one of the major Australian banks and follow-up communications last week with another indicated that their internal processes were coming to a conclusion. I am hopeful that in the next few weeks we will have a clear response from the Australian banks in regards to their ability to establish a new bank on Nauru.

The Department of Finance is also finalising the banking legislation suitable for Nauru's needs and that will enable a new bank to be established.

The government is also working towards the closure and liquidation of the Bank of Nauru and AusAID has agreed to provide funding towards this process. Tenders for the first stage of the reconciliation work at the Bank of Nauru will be sought in the near future.

I again want to reassure everyone that although we are moving to formally close the Bank of Nauru, the Stephen government will continue to work towards options of what may be done to recover our people's savings that were lost by former governments' abuse of the bank.

Asian Development Bank - *The Government of Australia met the debts in arrears owed by the Government of Nauru to the Asian Development Bank, and the Government of Nauru recently hosted an ADB consultant for one week.*

The ADB is now progressing technical assistance for the design and establishment of a new Government Trust Fund. This work is vital to help secure the long term future of Nauru.

Statistics - *Based on data obtained through the Household Income and Expenditure Survey, the Bureau of Statistics is developing a consumer price index and has completed a first draft of a poverty analysis for Nauru. The Bureau recently undertook a survey of items to establish a base for the consumer price index and will be producing*

monthly CPI figures. The Bureau is close to finalising its initial CPI estimate which will be the first CPI estimate for a very long time.

National Sustainable Development Strategy - The Development Planning and Policy Division has completed a progress report on the NSDS and is seeking comments from departments prior to finalising the report. Separately, the Department of Finance is developing recommendations to Cabinet to improve the operation of the NSDS including improving the functioning of the National Development Council.

Mr. Speaker, there are a number of important economic ongoing reforms on Nauru and whilst there is still a lot to be done, careful planning and committed efforts are beginning to produce positive results and benefits for our people. Thank you Mr. Speaker.' Mr. Waqa (Boe) moved that the paper be noted.

(v) His Excellency President Marcus Stephen made a statement relative to the retirement of the receivers appointed by the General Electric Finance, which reads as under:-

Mr. Speaker and Honourable Members, I would like to make a statement relative to the retirement of the receivers appointed by the General Electric Finance Ltd. to the Nauru Phosphate Royalties Trust and related entities.

Since the placement of the Trust and its related entities into receivership, every effort has been done to secure the residual Trust assets held by the receivers and managers and return them to the NPRT.

Last month the Australian Taxation Office (ATO) confirmed granting tax clearances to the following four entities, namely – the NPRT, RONSI Business P/L, RONSI Holdings P/L and Spencer Investments P/L.

The issuing of the clearances paves the way for the receivers, PPB, to be retired in respect of those entities. The receivers have made it clear that upon receipt of the ATO tax clearances it would retire and return the residue funds held by them to the Trust.

The NPRT has notified the receivers to commence the process of returning the balance of assets back to the NPRT and its entities as mentioned above.

It is therefore with some trepidation I inform the House of a new development concerning the retirement of the receivers and managers. The receivers, through its legal representatives, have now advised that in addition to the ATO tax clearances, it now requires each of the companies to grant a deed of release against any further legal action against the receivers and their appointer, GE.

The NPRT has taken a strong position on the issue raised by the receivers and confirmed there will be no release issued by the NPRT or any of its entities to the receivers and GE. I am in firm agreement with the position of the Trust.

The Trust advises it does not believe it is a condition precedent to the receivers' appointment that their retirement is subject to the issue of a release. In fact the deed of appointment of PPB by GE contains no such provision.

The Trust is seeking legal advice on the position it has taken and will advise me further following consultations with its legal advisors.

This is a positive development for Nauru and the Trust. Further information will be made available to the House as it comes to hand. Thank you Mr. Speaker and Honourable Members.'

Mr. Thoma (Aiwo) moved that the paper be noted.

(vi) Hon. Mathew Batsiua (Minister for Health) made a statement on his recent travel to the Philippines which reads as follows:-

'Mr. Speaker, I wish to inform this august House that on September 19, I travelled with the Secretary for Health to attend the World Health Organisation regional committee meeting for the western Pacific region which this year was in Manila, Philippines.

The meeting was of greater significance this year as election for the regional director was due. Three candidates contested the seat with the Pacific region putting up a candidate for the first time. Our candidate was from Tonga, the Minister for Health and Deputy Prime Minister of Tonga, Dr. Bill Tangi. Unfortunately Dr. Tangi went very close but was not successful and the post was eventually won by the South Korean candidate, Professor Shin Young Soo.

On the sides of the meeting the Secretary for Health and I also pursued recruitment options for crucial vacancies that currently exists in our hospitals, namely surgeon and obstetrician & gynaecologist. We got expressions of interest for the surgeon position and now look forward to receive applications and CVs for our consideration.

We also spoke with the Tongan delegation on specific areas of interest that they have experiences in to determine if it can be duplicated or done in Nauru. These areas include – their visiting eye-team program; their new hospital – issues and funding and twinning programs with hospitals in Australia.

These matters are being pursued and followed up, in particular the twinning program with a suitable hospital in Australia. Early contacts and expressions of interest have commenced and i will update the House if this develops any further.

Also on the side of the meeting I met with a consultant from Health Specialist, a firm that was engaged by the previous government to review our overseas referral program. These talks were fruitful and I clearly outlined to them that the government and Ministry of Health, in particular, is keen to reconsider and progress some of their key recommendations. Ongoing discussions are happening.

Thank you Mr. Speaker.'

(vii) Hon. Sprent Dabwido (Minister for Transport) made a statement regarding Nauru Air Corporation which reads as follows:-

'Honourable Speaker and Members, there are presently a number of activities taking place that will have significant impact on the airline.

The airline is presently on track to introduce a second B737-300 aircraft into the fleet. The aircraft is required to take up the flying under the 5-year agreement with the Norfolk Island Administration and Norfolkair. At this stage it is not determined if it will start the contract in January or May next year. In the meantime the second aircraft is required to come on line in time for it to take over the flying of the current aircraft when it is required to do its major 'C' check and rudder modification in mid November until late December.

The three times per week Brisbane/Port Moresby charter operated on behalf of Airlines PNG will cease on 31 October 2008. From that date Airlines PNG will enter into a code-share arrangement with Pacific Blue who will begin operations four times a week on the route. Effective from Friday, 1 November Our Airline will begin an extra Brisbane/Honiara/Brisbane service for Solomon Airlines.

A capacity share agreement was entered into with Solomon Airlines in mid-July which means that the aircraft capacity between Brisbane and Honiara and return is shared between the two airlines. Our Airline then operates the aircraft in its own right between Honiara and Nauru and return. This arrangement has reversed the financial

results on the route from Brisbane through to Nauru from a significant loss to a position where it is making positive contributions to the overheads costs of the company. The sector between Honiara and Nauru is still operating at a loss due to the low number of passengers and freight and its extremely high cost of fuel in Honiara.

In mid-August the small remaining supply of aviation fuel on Nauru was declared unsuitable for use in aircraft. This means that there is now no supply of aviation fuel available for any aircraft in Nauru. Our Airline will need to work with Utilities to address this quickly as costs of fuel from Honiara is very high and not to have a negative impact on Nauru.

I will continue to update the House on developments and the progress of the national airline. Thank you.'

Mr. Waqa (Boe) moved that the paper be noted.

(viii) Hon. Dr. Kieren Keke (Minister for Foreign Affairs & Trade) made the following statement updating the House on the work of the Department of Foreign Affairs and Trade:-

'Mr. Speaker and Members of Parliament, I am glad to provide today a brief update on the work of the Department of Foreign Affairs and Trade. This comes after a comprehensive statement last month so I will make this brief.

Overseas Missions - *Due to family circumstances, Mrs. Chitra Jeremiah who has been Director of the Aid Management Unit, recently moved to Brisbane. In order to retain her valuable services, government has appointed her as Consular Officer in the Brisbane Consulate General. Her duties will include assistance with the Consulate and Foreign Affairs work as well as continuing with the work of the Aid Management Unit.*

Both the Secretary for Foreign Affairs and I will be in Fiji later this month to attend a regional meeting on the trade negotiations with the European Union. We will take the opportunity to complete a review of the operations and staffing of the Suva Office in order to improve its functioning and service to Nauru. I also plan to meet with Suva Private Hospital at the request of the Minister for Health seeking to improve the management of our patients referred to Suva for medical treatment.

Whilst in New York for the United National General Assembly, I had discussion with Ambassador Moses on a range of matters regarding her office and its work. The achievements of this mission, in terms of building our relations with key development partners, advancing Nauru's interests in the international arena and gaining donor support for a range of projects is particularly commendable given the small size of this mission.

Department (Secretariat) - *The Secretary attended the last round of the European Partnership Agreement (EPA) between the Pacific ACP Group and the European Union. As mentioned earlier, the Secretary and I will be attending a meeting of Pacific ACP Trade Officials and Ministers in Fiji this month at which decisions will be taken regarding the directions the Pacific will take on the EPA. For the information of Members there remains a number of outstanding and yet to be agreed issues that will affect whether Nauru will sign up to the EPA or not. One of these issues is fisheries. We want to ensure that the rules of origin will provide us the opportunity to export fresh and chilled fish as wholly originating exports from Nauru to EU regardless of where the fish is caught.*

As Members of Parliament are aware the EU, as a group and as individual countries (for example, Italy), provides Nauru with significant assistance through bilateral and regional or multilateral programs. I am pleased to note that assurance has been provided

that continuing receipt of this is not conditional on whether or not we join the EPA. Our decision on whether or not to join EPA therefore will depend mainly on what benefits we will get from EPA as a trade agreement.

Looming large as well is the negotiation between the Pacific islands on one side and Australia and New Zealand on the other side, on what is called the Pacific Agreement on Closer Economic Relations (PACER). Actually it is referred to as 'PACER Plus' because we want something more than a typical free trade agreement. We want such an agreement to include provisions for the movement of workers from the Pacific islands to Australia and New Zealand, and we want to link it to development assistance for capacity building in the region. At this year's Forum, the leaders agreed that this negotiation be progressed and that a decision will need to be made next year on when to start the negotiations.

The Department is therefore involved in the preparation for the PACER Plus negotiations and staff from the department have been attending seminars and workshops to prepare themselves and Nauru for the negotiations. A series of seminars being attended by staff this year and next year should result in certificates being issued to indicate successful completion of training.

Capacity is also being built in other areas of the department's work, for example, diplomacy. Two staff have had diplomacy training in Taiwan and a third staff will be attending a diplomacy training course in Europe followed by an attachment in the New York office.

Otherwise the department's main focus during the month has been in supporting and co-ordinating the participation of Nauru (His Excellency, Ministers, Members of Parliament and officials) at external bilateral, regional and multilateral meetings. Submissions and follow-up on requests/proposals for assistance has been another major task as is the continuing protocol services that is provided to visiting dignitaries and officials.

I am also pleased to note that the department is now looking at arrangements for some of our workers to return to New Zealand for this fruit picking/pruning season. Our location or distance from New Zealand and the availability of more jobs here at home does make it difficult for us to recruit all the ones that are wanted by Mr. Apple, which also makes it harder for us to compete against other worker-suppliers. But we are trying our best to keep us in the New Zealand fruit picking labour market.

Secretary for Foreign Affairs & Trade - Finally, I would like to advise Parliament that the incumbent Secretary for Foreign Affairs and Trade, Mr. Iosefa Maiava, will be completing his term with us in mid-November. I am certain that all Members will recognise the significant contribution Mr. Maiava has made to Nauru and the Department of Foreign Affairs and Trade. Whilst it is sad to see him leaving Nauru I am confident that his ongoing commitment to Nauru and the Pacific will continue to see him providing benefits to Nauru from wherever he is. Recruitment of his replacement is at an advanced stage and we are hoping that we will have someone on board by the time of Mr. Maiava's departure. For your information, funding of the new Secretary for Foreign Affairs & Trade will be provided by Australia from new sources, additional to what Nauru has already been given.

Appreciation - I again end my statement with a thank you to all of our donor partners for the great assistance that they continue to provide Nauru.

Mr. Speaker, thank you.'

(ix) Hon. Dr. Kieren Keke (Minister for Foreign Affairs & Trade) made a statement on his official travels, which reads as under:-

'Mr. Speaker and Honourable colleagues, since the last Parliament sitting in early September I attended the 'First Cuba-Pacific Islands Ministerial Meeting' in Havana, Cuba. Ambassador Marlene Moses joined me at this meeting.

The meeting covered a range of multilateral issues including the food crisis, climate change, disaster management and reform of the United Nations system. There were also detailed discussions and presentations on Cuba's co-operation programs which highlighted the number of doctors they have in the Pacific as well as the growing number of Pacific students they have studying medicine in Cuba.

Cuba emphasised its strong desire to foster closer diplomatic relations with the Pacific both on a bilateral basis as well as through strengthening regional and other partnerships, including the Alliance of Small Island States (AOSIS).

In bilateral discussions I had with Cuba's Foreign Minister, the offer of a team of doctors for Nauru was again repeated with a team of 6 doctors ready to come to Nauru shortly.

I received a positive response to a request for Cuba to provide Nauru with a boxing coach and a weightlifting coach. They will provide us details shortly and it is expected that with this assistance Nauru will continue to raise our sporting success in these fields.

Again in the field of sports, Cuba will be offering Nauru scholarships for Nauruans to study a Bachelor of Sports and Physical Education. These will be available in September next year.

We had the pleasant opportunity of visiting the two Nauruan students studying medicine in Cuba. These are Philip Duburiya and Louisa Teimetsi. Both students are doing very well and have settled into their studies and life in Cuba. Importantly both students are eager to see other Nauruans join them to study to become doctors in Cuba. They were very confident that given the structure of the course and the high level of support from their professors and tutors that any Nauruan who has completed secondary schooling will be able to manage the study program.

Cuba has offered Nauru a minimum of 10 scholarships for Nauruans to study medicine in Cuba. I have had discussions with the Minister for Health and we hope to be able to select some students to be sent to Cuba shortly to join the two who are already there.

From Cuba I travelled to New York to join President Stephen at the United Nations General Assembly.

Whilst in New York I had a number of side meetings including with the Philippines in regards to recovering Nauru's money tied up in the Philippines. I will be having further meetings on this matter next month.

The President and I also met with the Prime Minister of Fiji along with the Presidents of Kiribati and the Marshall Islands. We discussed our wish to reconnect Nauru with Kiribati and Marshalls to Nadi. There has already been some follow-up from Fiji after this meeting and we are hopeful that Fiji will finally facilitate the air service access for Our Airline to once again provide flights to Fiji through Majuro and Tarawa.

We also met with the American Jewish Committee which has a lot of connection and influence in both the United States and in Israel. We discussed Nauru's water supply problems and given Israel's involvement with the old plant, there is interest in assisting Nauru with a new desalination plant. Of particular interest is new technology that provides solar powered desalination plants.

We also discussed with the AJC possible assistance with developing a broad national youth program on Nauru. Israel has a long history of national service and youth programs and there are also a range of programs in the United States where valuable assistance could be sourced.

We had a particularly interesting meeting with Professor Jackson Davis. Professor Davis has been involved with Nauru for many years, primarily in relation to environmental matters. In more recent years his focus has been on rehabilitation as well as the development of the pinnacle stone industry which would hopefully provide revenues to help fund rehabilitation. Professor Davis is working closely in co-operation with the Nauru Rehabilitation Corporation and will be visiting Nauru in early November to progress this project.

Mr. Speaker, I will depart Nauru again next Friday to attend the PACP Trade Ministers meeting in Nadi, Fiji.

Following this meeting I will have a couple of days in Brisbane where I intend to follow up interest from companies who are interested in establishing manufacturing plants on Nauru.

Then I will be attending the Forum Economic Ministers Meeting (FEMM) in Port Vila, Vanuatu before returning to Nauru at the end of the month.

If any Member wishes to obtain further details or information on any of the meetings I have or will be attending, I am more than happy to respond to any such requests. Thank you Mr. Speaker.'

7. Leave Sought for

Mr. Tabuna (Yaren) as Deputy Chairman of the Standing Orders Committee sought leave of the House to present the Standing Orders Committee First Report on Quorum of Sittings.

His Excellency President Marcus Stephen seconded.

Leave was granted.

8. Mr. Tabuna (Yaren) as Deputy Chairman of the Standing Orders Committee presented and tabled the First Report of the Standing Orders Committee on Quorum of Sittings.

9. Leave Sought for

Mr. Thoma (Aiwo) sought leave of the House to present a report on his recent attendance at a conference in Port Vila, Vanuatu.

Under Standing Order 195 leave was granted.

10. Mr. Thoma (Aiwo) then presented and tabled in the House a report on the Conference on 'Making Land Work'; which reads as under:-

'Mr. Speaker and Honourable Members of Parliament, I wish to present my report on the conference I attended in Port Vila, Vanuatu held on 12 – 13th June 2008 with Mr. Wess Tsitsi from the Department of Lands and Survey.

The conference was on 'Making Land Work' and was funded by the Government of Australia, and attended by mostly high level decision makers including court judges and university professors.

The publications on 'Making Land Work' was launched by the Hon. Bob McMullin, Parliamentary Secretary for the International Development Assistance, Australia.

I also wish to inform this august House that all the countries in attendance, which included Australia and New Zealand, share a common awareness of environmental threats on land mass that in the shorter term will fall on the more vulnerable group of islands in the Pacific like ourselves.

Mr. Speaker, I present the report to the House. Thank you.'
Mr. Scotty (Anabar/Ijuw/Anibare) moved that the paper be noted.

11. Leave Sought for

His Excellency President Marcus Stephen sought leave of the House to move a motion.
Hon. Dr. Kieren Keke (Minister for Finance) seconded.
Leave was granted.

12. Motion

His Excellency President Marcus Stephen moved the following motion –

Whereas on 27th March 2008 actions taken by Inspector Corey Caleb in this House were found by Cabinet undesirable in the public interest;

And whereas the said officer was as a consequence suspended from duty by Cabinet pursuant to the provision of Section 9(1) of the Nauru Police Force Act 1972;

Therefore in accordance with the provisions of the Nauru Police Force Act 1972, Section 9(1), (2) and (3), I hereby give notice to Parliament of such suspension and I move that a Committee to –

- 1. Review the actions of Inspector Corey Caleb in the House on 27th March 2008, in particular in this regard for the authority of Nauru's Head of State;*
- 2. Review the current status and future of Inspector Corey Caleb; and*
- 3. Report its findings to the House and to make recommendations thereon as it deems fit.*

That the Committee shall be named the Select Committee on Inspector Corey Caleb; And as mover of the motion, Mr. Speaker, normally I would be part of the Committee but to avoid conflict of interest as I am involved in the matter concerned, I wish to disqualify myself as member of the Committee;

Therefore the Committee shall consist of five Members, namely

Hon. Ludwig Scotty,

Hon. Landon Deireragea,

Hon. Rykers Solomon,

Hon. Aloysius Amwano; and

Hon. Dominic Tabuna,

That the quorum of the Committee be three;

That the Committee shall elect one of the members of the Committee to be the Chairman and that in the event of an equality of voting the Chairman has a casting vote;

That the Committee be provided with all necessary staff, facilities and resources to achieve its objectives;

That the Committee shall have power to send for and examine persons, papers and records;

That the Committee may present progressive reports and recommendation(s) to Parliament as it deems fit;

That the Committee shall present its report and recommendation(s) to Parliament at the first opportunity on completion of its investigations;

That the foregoing provisions of this motion insofar as they are inconsistent with the Standing Orders, have effect notwithstanding anything contained in the Standing Orders.'

Hon. Dr. Kieren Keke (Minister for Finance) seconded.

Debate ensued.

Question put and passed.

13. Motion

Hon. Mathew Batsiua (Minister for Justice) moved that motion No. 5 on the notice paper be alternated with motion No. 1.

Hon. Sprent Dabwido (Minister for Transport) seconded.

Question put and passed.

14. Motion – Counter Terrorism Transnational Organised Crime (Amendment) Bill 2008

Hon. Mathew Batsiua (Minister for Justice) moved to present the Counter Terrorism Transnational Organised Crime (Amendment) Bill 2008.

The Bill was presented and read a first time.

15. Motion – Second Reading

Hon. Mathew Batsiua (Minister for Justice) moved that the Bill be read a second time.

Hon. Sprent Dabwido (Minister for Transport) seconded.

Second reading speech ensued.

Pursuant to Standing Order 159 further debate on the second reading was adjourned to a future date.

16. Motion – Anti Money Laundering Bill 2008

Hon. Mathew Batsiua (Minister for Justice) moved to present the Anti Money Laundering Bill 2008.

The Bill was presented and read a first time.

17. Motion – Second Reading

Hon. Mathew Batsiua (Minister for Justice) moved that the Bill be read a second time.

Hon. Sprent Dabwido (Minister for Transport) seconded.

Second reading speech ensued.

Pursuant to Standing Order 159 further debate on the second reading was adjourned to a future date.

18. Motion - Illicit Drugs Control (Amendment) Bill 2008

Hon. Mathew Batsiua (Minister for Justice) moved to present the Illicit Drugs Control (Amendment) Bill 2008.

The Bill was presented and read a first time.

19. Motion – Second Reading

Hon. Mathew Batsiua (Minister for Justice) moved that the Bill be read a second time.

Hon. Sprent Dabwido (Minister for Transport) seconded.

Second reading speech ensued.

Pursuant to Standing Order 159 further debate on the second reading was adjourned to a future date.

20. Motion

His Excellency President Marcus Stephen moved that motions Nos. 2, 3, 4, 7, 8, 9, 10, 11, 12 and 13 on the Notice Paper be adjourned to the next sitting day.

Hon. Dr. Kieren Keke (Minister for Finance) seconded.

Question put and passed.

21. Leave Sought for

Hon. Dominic Tabuna (Yaren) as Deputy Chairman of the Standing Orders Committee sought leave of the House to move a motion.

Hon. Sprent Dabwido (Minister for Transport) seconded.

Leave was granted.

22. Motion

Hon. Dominic Tabuna (Yaren), as Deputy Chairman of the Standing Orders Committee moved that the First Report of the Standing Orders Committee on ‘Quorum of Sittings’, be adopted by the House.

Hon. Sprent Dabwido (Minister for Transport) seconded.

Debate ensued.

The Chair, with the consensus of the House, suspended the sitting and to resume when the bell rings.

Resumed.

23. Motion of Amendment

Hon. Dr. Kieren Keke (Minister for Finance) moved that the following amendments to the First Report of the Standing Orders Committee:

’29. Quorum at the time of Meeting

Quorum is defined as the presence in the House of no less than half the total number of Members of Parliament, other than the Member presiding at the sitting.

At each meeting the bells shall be rung for five (5) minutes before the appointed time calling Members to the meeting. The Chair shall then be taken at the time appointed on every day fixed for the meeting of the House, but if a quorum of Members is not present the Clerk shall advise the Chair immediately before Prayers are read and if the bells having been run for five (5) minutes, a quorum is not present, the Speaker shall:

- (a) *Adjourn the House to the next sitting day; or*
- (b) *Provided that if the Speaker is satisfied there is likely to be quorum within one (1) hour, he shall announce that he will take the Chair at a stated time within that hour but if at the time there is still no quorum, the Speaker shall adjourn the House to the next sitting day.'*

31. If no Quorum, House Adjourned.

Whenever a question is put to the House, the Clerk shall advise the Speaker of a lack of quorum. In the event of lack of quorum having been pointed out by any Member or on the advice of the Clerk during the sitting, the Speaker shall immediately halt the proceedings and order the bells to be rung for five minutes but if after that there is still no quorum present, the Speaker shall adjourn the House to the next sitting day. Upon any such adjournment the resolution of the question before the House or the Committee at that time shall become an Order of the Day for the next sitting.'

Hon. Sprent Dabwido (Minister for Transport) seconded.

Debate ensued.

Question put and passed.

The question that the First Report of the Standing Orders Committee, as amended, was put and passed.

24. Orders of the Day - Motion

Mr. Dowiyogo (Ubenide) moved that Orders of the Day Nos. 1, 2 and 3 be adjourned and made Orders of the Day at the next sitting.

Question put and passed.

25. Order of the Day No. 4

On the question that the statement made by Hon. Mathew Batsiua (Minister for Health) on '*Changes in the Department of Health*', be noted.

Debate ensued.

Question put and passed.

The paper was noted.

26. Order of the Day No. 5 - Shipping Bill 2008

Resumption of debate on the question that the Bill be now read a second time.

Debate ensued.

Question put and passed.

The Bill was read a second time.

27. Motion - Suspension of all Relevant Standing Orders

Hon. Sprent Dabwido (Minister for Transport) moved that all relevant Standing Orders be suspended so that further deliberations on the Bill in the Committee of the Whole be adjourned to the next sitting day.

Hon. Mathew Batsiua (Minister for Justice) seconded.

Question put and passed.

28. Motion Fixing the Date for the Next Sitting

His Excellency President Marcus Stephen moved that Parliament at its rising do adjourn until a time and date to be fixed by the Chair.

Hon. Dr. Kieren Keke (Minister for Finance) seconded.

Question put and passed.

29. Adjournment

His Excellency the President moved that the House do now adjourn.

Hon. Dr. Kieren Keke (Minister for Finance) seconded.

Question put and passed.

And then the House at fifty minutes past eight o'clock p.m. adjourned until a time and date to be fixed by the Chair.

Members Present

All Members were present at some time during the sitting, except –

* Mr. Amwano

* Mr. Kun

** Mr. Adeang

John Garabwan
Deputy Clerk of Parliament

* Leave of Absence

** Suspension