

**Votes & Proceedings  
Of the  
Eighteenth Parliament**

**No. 9**

**First Sitting of the Seventh Meeting  
Tuesday, 25<sup>th</sup> November 2008**

**10.00 a.m.**

1. The House met at 10 a.m. in accordance with the resolution of the House made on Thursday, 9<sup>th</sup> October 2008.

2. **Statement from the Chair**

*‘Honourable Members, a few matters before we go ahead with today’s business.*

*Firstly, with regard to the Members’ offices – the final draft was submitted before the House Committee and the cost was well above and beyond the approved budget. On November 20<sup>th</sup> the House Committee sat and reviewed the costs and the drawings and made some amendments which were then re-submitted to Eigigu Holdings Corporation. Much of this matter is still pending for detailed scrutiny by the relevant officers in charge of the project before the proposal is re-submitted to the House Committee for its final approval, but unfortunately the estimated time for completion by Christmas is not manageable. The snail pace is caused by the fact that drafting of the plan was done by RONPHOS office, which is inundated with other drawings thus a bottle-neck had ensued taking it longer than we had anticipated for EHC to return on the same. However, the staff offices and the PAC office are completed and parliamentary staff have occupied their offices. The PAC office needs some tidying up before it can be used.*

*Secondly, the Parliamentary Strengthening Project has again moved forward but yet to gain momentum. Another proposal, with new amendments, had been sent to UNDP for review taking full account of the new proposed budget structure. A teleconference between UNDP and parliamentary staff pertinent in this project is scheduled for December 8, 2008 and in due course the project should have a clear target in its scope. It is envisaged that in January 2009 the project will begin.*

*Thirdly, I urge the Chairmen of the various parliamentary committees to submit their reports for Parliament’s perusal and debate, should it need to. There are other committees that may have outrun their time-frames and have not submitted any report. I kindly ask all Chairmen of those committees to seek Parliament’s mandate to further their activities, if they wish to. Perhaps today’s sitting may be the appropriate time for those Chairmen of these committees to raise them.*

*On November 9 of this year the Clerk and I returned from the FPOC and PPAPD Conference which was held in Honiara. Amongst the huge amount of agenda items discussed, the most important theme of the conference was for Members of Parliament to take action in respect of the items discussed in their respective countries. There were two items raised for Nauru to specifically address, one was to ratify the National Youth Policy Concept and, two for WHO Nauru Desk to report to WHO on action undertaken in regard to HIV/AIDS grant of USD30,000. A grant of USD9,000 is available from this body for Parliament initiative specifically related to HIV/AIDS prevention activities.*

*Thank you.’*

4. **Notice of Motion**

(a) Hon. Dr. Kieren Keke (Minister for Finance) moved that at the next sitting of Parliament he shall move a motion in relation to Section 8 of the Treasury Fund Protection Act 2004.

(b) Hon. Dr. Kieren Keke (Minister for Finance) moved that at the next sitting of Parliament he shall present the Parliamentary Salaries & Allowances (Amendment) Bill 2008.

5. **Questions Without Notice** were asked.

6. **Leave of Absence**

(a) Mr. Dowiyogo (Ubenide) sought leave of absence for Mr. Amwano (Ubenide) who was overseas on government business.

Mr. Waqa (Boe) seconded.

Leave was granted.

(b) Mr. Dowiyogo (Ubenide) sought leave of absence for Mr. Adeang (Ubenide).

Mr. Waqa (Boe) seconded.

Leave was not granted.

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

Leave was granted.

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

(a) Hon. Frederick Pitcher (Minister for CIE) made a statement on '**RONPHOS & Nauru Rehabilitation Corporation**', which reads as under:

*'Mr. Speaker, let me open my statement with some good news from RONPHOS. The good news is that the south arm of the No. 2 cantilever was re-commissioned at the end of October as planned and at a cost of around \$650,000 or about 50% of the original estimate. However this figure is not final as we have yet to factor in the labour costs which have been substantial given the amount of overtime required to get the arm operational on schedule. I want to commend and thank all the workers of RONPHOS and Rehab. For their great efforts in rebuilding the south arm.*

*For the information of the House, between July 1 and October 31, Rehab had mined just under 184,000 tonnes and RONPHOS had exported around 236,000 tonnes of phosphate. Projecting forward at this rate of production we expect to have shipped just under 570,000 tonnes by the end of June 2009, a good result, but still below our budgeted estimate of 600,000 MT.*

*This is where the bad news comes in, Mr. Speaker. RONPHOS had to ask IPL to reschedule the second ship this month as it was obvious that there would be insufficient stock. The cargo was for 27,300 MT, worth around AUD4,620,000. The first obstacle that made it impossible for RONPHOS to produce the stock to meet the shipment was the closure of the railway line by certain landowners. RONPHOS acknowledge the fact that the railway line is sitting on many lands that have not been leased since the leases expired in 2000. But on previous occasions RONPHOS has been able to reason with landowners – on the understanding that the new leases would be attended to in due course without any loss to the landowners. In fact RONPHOS over the past 2 years has prepared many of the schedules for unleased land and has been awaiting the Lands Committee and Department of Lands and Survey to provide details of landowners and their shareholding so that RONPHOS may draw up the leases. This necessary process has been held up for one reason or another.*

*The closure of the railway line meant that trucks had to be pulled off mining to haul the phosphate to the drying plant. With only 3 or 4 trucks available at any given time, and in only 12-hour stints due to ongoing mining needs, the net effect is that RONPHOS has been unable to maintain the daily production target of 2,000MT a day.*

*This obstacle could also affect the loading programme in December if RONPHOS drops the 2 December ships due to lack of stock. It will have a huge impact on RONPHOS' cash-flow and its ability to meet its obligations – such as payment of workers pending salaries and its capital projects. The shipments in December total 32,000MT – the loss of this together with the IPL shipment this month effectively mean that RONPHOS will lose around AUD 9.9 million of budgeted revenues.*

*Mr. Speaker, to exacerbate the problem, there is no more leased land available to mine. NRC is running around digging up road-ways and then reconstructing them to keep up with production. There are three lands waiting to be leased and despite months of pushing, the relevant authorities have yet to finalise the leases. If this is not resolved before the end of this month, mining will stop.*

The situation has become more critical and if we are to meet our targets for the year, we need all stakeholders to work in good faith and diligently to make land available for mining. Landowners in particular have a stake in the progress of mining, and I again ask for their support in moving RONPHOS and the country forward.

As Minister responsible for RONPHOS I have ordered management to curtail expenditure starting with overtime and the deferment of capital and maintenance purchases of goods and services where possible. Payment of pending is also being reviewed and I have directed that payment of pending beyond 5<sup>th</sup> December will be subject to my approval. This government will not repeat the same mistake of 2001 where production was stopped for 6 months and workers were retained resulting in this huge unpaid salary debt that is now being serviced. If production continues to be impeded by landowners we may have no choice but to lay-off workers in the near future – something which I hope can be avoided.

Mr. Speaker, whilst we are being affected by the lack of available primary mining sites, the positive news is that the Nauru Rehabilitation Corporation has signed another purchase agreement with Delta Rental for the hire purchase of the balance of heavy equipment required for the rehabilitation programme. The purchase is worth over \$6 million and the major items being bought are – 3 excavators, five 30MT dump trucks, 2 FEL, 2 road trucks, 1 rock drill and 1 compressor.

The equipment will be delivered by tug and barge in the first week of February 2009. The delivery of these items will allow Rehab. To run both the mining and rehabilitation programme simultaneously which is not possible at the present time. It will also allow the full commencement of secondary mining early next year, a milestone that will put us in good stead for years to come.

On a final positive note, Mr. Speaker, the feasibility study on coral rock for dimensional stone application will commence with the arrival of Professor Jackson Davis this weekend to work with Rehab. in the cutting and preparation of coral pinnacles for transport to Brisbane – where they will undergo intensive laboratory and market analysis. I hope to have positive news when I report the findings back to Parliament in due course. Thank you.’

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

(b) His Excellency President Marcus Stephen made a statement to the House on ‘**An Update on New Police Headquarters**’, which reads as follows:-

‘Mr. Speaker, it is timely that I provide Parliament with a progress report on the planning and building of the new police facilities which will include a new main police building adjacent to the Nauru Secondary School and a sub police post at Location.

The House is aware of the background of this issue. Following the withdrawal of funds by the Australian Federal Government for the financial year 07/08 (due to lack of progress, brought on by unresolved landowner agreements), the Australian Federal Police Project resubmitted a new bid to the Government of Australia for the project to commence during the 08/09 financial year. This bid, I am pleased to announce has been approved.

Funds have been allocated to commence the project during this financial year and portions of the gross amount will carry through for the consecutive years 09/10 and 10/11.

In addition to the police facilities project the AFP have secured ongoing capacity development funds totalling \$3,512,968 through to 2012. A break-down of those funding streams is as follows –

	2008-09	2009-10	2010-11	2011-12	Total
Police Facility	\$2,828,000	\$1,432,108	\$289,892	-	\$4,550,000
Police Capacity Building	\$850,000	\$868,700	\$887,811	\$906,457	\$3,512,968

Mr. Speaker, this is another substantial project for Nauru and will when complete provide a greater capability for the police and also in the development and management of emergency services in the event of a national disaster situation.

In relation to the funding stream as provided I am advised that the amounts allocated for the building and fit-out will not evaporate if not spent in the allocated year but will flow through the life of the project.

Funds allocated for the ongoing police capacity development of the Nauru Police Force must be spent within the allocated year and are not transferable. Shortly I will be discussing with the

Commissioner and senior AFP personnel a proposal by the Australian Federal Police to continue the police project past the current MOU which is due to cease at the end of June 2009. In such circumstances, should agreement be reached my government and I will be involved in the future planning of that project to ensure that the NPF can build on the reforms, restructuring and training that have so far been undertaken and concentrate on improved service delivery to the community.

Mr. Speaker, the start up requirements of the police headquarters and the Location substation project has been substantial. I am advised they could not commence until funding was guaranteed in the 08/09 Australian budget. Progress to date has been measurable and consistent with other large projects in remote locations. A Project Company from Solomon Islands has been engaged to complete all plans which are in final stages of acceptance by the AFP. The company, the Kramer Group, have also tendered for the role of project manager and negotiations on that aspect are in the final stages. Once the project manager is announced by the AFP that company will be responsible for placing the Request for Tender to engage a construction contractor.

A significant issue was clarified in Canberra reconfirming that the building design was to ensure sustainability into the future. The design was to focus on natural light and free flowing ventilation and minimise energy usage whenever possible given the substantial cost of electricity in the country. Ideas include energy efficient light globes, automatic timer turn-off light switches, insulation from radiant heat and window shading.

Time lines continue to be fluid depending on arising issues but have been established. It is anticipated, given the Christmas break, shipping schedules and the procurement requirements that the project will commence in country in early March 2009. All local surveys, including site and engineering evaluations, have been completed.

- ❖ Naming the successful project manager will be formally released pending the final discussion estimated to be by end of November 2008. (Slip to timeline of 3 weeks.)
- ❖ The construction contractor tender documentation is received in draft form with final decision by end of November 2008. (On time)
- ❖ Release of the construction contractor request for tender to be circulated by Christmas (slip to timeframe of 2 weeks.)
- ❖ In country construction to commence March 2009 – noting possible shipping constraints. (Slip to time-frame of 2 weeks.)

**Local Building Firms and Construction Workers** – I am advised by the Commissioner that in the Request for Tender documents for the construction contractor it will be reiterated about the importance of engaging as many local staff as possible including the engagement of a Nauruan citizen for employment in an administration development role. Thank you.;

(c) Hon. Sprent Dabwido (Minister for ICT) made a statement to the House on **‘Developments at RONTEL’**, which as under:-

*‘Mr. Speaker and Honourable Members, I would like to make a brief statement on the development of RONTEL.*

*As you are aware there is currently a review or study being carried out by an Australian consultancy firm for a full assessment of the Telecommunications sector. This includes the current wireless network which has been in operation since March of this year, but unfortunately has not really met the expectations of the general public in as far as providing an adequate communication system. We are expecting the final report to be completed today and to be presented to the government after which the government will have a better understanding of the directions needed to ensure a reliable and sustainable communication system which will be accessible to everyone at an affordable cost.*

*The preliminary findings of the report have indicated that the most suitable network for the island will either be GSM system or a third general wireless network. I am pleased to announce that we already have suppliers showing interest in setting up a GSM system network as a trial for government to consider. These discussions are still at a very early stage, however there is genuine interest shown by the suppliers. I will be updating the House on this matter as events unfold.*

*RONTEL has managed to turn around its finances and have posted a small profit of \$8,000 for the first quarter of this financial year. Indications are that this trend will continue and grow as*

RONTEL continues a strict monitor of its finances through the disconnections of non payment of customers.

RONTEL further urges all its clients that this policy of strict monitoring of all monthly bills that is currently in place will continue and thus request all its valued customers to be prompt in the settlement of their bills in order to avoid disconnections to their services.

The Board and management of RONTEL wish to inform the public that RONTEL will continue to work, improve and develop its services for the benefit of everyone.

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

(d) Hon. Dr. Kieren Keke (Minister for Finance made a statement and tabled to the House **Inter-subhead Transfers:-**

'Mr. Speaker and Honourable colleagues, today I table to Parliament the statement recording inter subhead transfers (ISHTs) approved by Cabinet since the last sitting of Parliament.

**Finance – Head 11** - The Department of Finance is required to purchase new official GON receipt books as well as holographic transfers and films for the issuing of drivers' licences. The last purchase of these consumables was made a few years ago and the requirement for another bulk order during this financial year was not identified at the time of budget preparation, hence the need for ISHT to increase provision under subhead 301 - Printing & Stationery by \$16,300.

This is being funded by surpluses anticipated under subhead 255 – Travel Business which had a baseline provision which is more than sufficient for anticipated departmental travel, subhead 318 – Bank Charges, subhead 501 – Plant and Equipment and subhead 528 – Staff Training. Subhead 318 has provision for the cost of cash uplifts from Australia as well as general bank charges. Better cash management means reduced frequency of cash uplift from Australia and thus expected surplus within this subhead. The department does not require any major new plant and equipment for the remainder of this financial year and so this provision is reduced with an amount sufficient for photocopier parts and other smaller equipment remaining. The balance remaining for staff training after the ISHT is sufficient to fund the Finance Department staff training planned for next semester.

**Health – Head 61** – The Health department budget had a provision for the allowance paid to Nauru's medical students in Cuba. However, this provision was made under subhead 202 – Local Salaries and this ISHT simply reallocated this provision to a more appropriate subhead, that being 528 – Staff Training to better reflect the nature of this expenditure.

**Land Transport – Head 92** – There was no provision under the Land Transport budget for new plant and equipment, however with the new Government Warehouse system of procurement requiring departments to effect payment for purchases from budget provisions, the department has transferred budget provisions from subhead 353 – Repairs & Maintenance – Plant to enable purchase of tools and equipment for the servicing of vehicles which will result in savings on payments for the outsourcing of some types of minor vehicle repairs.

### **Summary of Inter Subhead Transfers -**

#### **Increases**

Head	Agency	Subhead No.	Item	Increase (\$)
11	Finance	301	Printing & Stationery	16,300
61	Health	528	Staff Training	7,805
92	Transport	502	Plant & Equipment	16,000

#### **Decreases**

Head	Agency	Subhead No.	Item	Decrease (\$)
11	Finance	255	Travel – Business	3,000
11	Finance	318	Bank Charges	5,100
11	Finance	502	Plant & Equipment	4,500
11	Finance	528	Staff Training	3,700
61	Health	202	Salary Local	7,805
92	Transport	353	Repairs & Maintenance-Plant	16,000

*Mr. Speaker, all inter subhead transfers in 2008-09 have been accommodated within underspends from other subheads within the same Head. All ISHTs approved by Cabinet therefore are in accordance with Sections 4(2) and 3(3) of the Appropriation Act 2008-2009. This report meets the requirements under the Act for the purpose of accounting for anticipated actual expenditure during 2008-09.'*

(e) Hon. Mathew Batsiua (Minister for Health) made the following statement on his **'Travel to Taiwan'**:-

*'Mr. Speaker and Honourable Members, on October 31<sup>st</sup>, I travelled to Taiwan to attend the Global Health Forum organised and funded by the Government of Taiwan. The Global Forum saw many health leaders from around the world attending including 4 Ministers from the Pacific region. At the meeting I was joined by our Ambassador to Taiwan, Dr. Ludwig Keke who also participated at the two-day meeting as member of the Nauru delegation.*

*The Global Forum gave health leaders an insight into the Taiwanese health system and how they are responding to the many modern day health challenges. It was also an opportunity to listen to leading international experts from a variety of fields both in medicine and public health and to witness what they have done to address serious health outbreaks in their parts of the world. Taiwan for example had an outbreak of SARS in 2003 but fortunately they successfully managed the disease and effectively curtailed it from spreading. We learnt of the steps that Taiwan had to implement and what they did to successfully manage and contain the spread of SARS when it hit Taiwan.*

*The overall theme was the effects of globalisation on our health, as the world shrinks and borders become more accessible health risks increase and chances of infection across borders becomes more imminent. The discussions at the meeting therefore focussed on the preparedness of countries to respond to outbreaks, pandemics, etc. and the need for all countries to do their part in exchanging data and information so our efforts to combat the spread of disease in a globalised world is co-ordinated and our chances of curtailing them becomes more effective.*

*Mr. Speaker, also at the margins of the meeting I had bilateral discussions with my counterpart the Minister for Health of Taiwan. Our talks were very fruitful as we discussed the ongoing mobile medical missions to Nauru and the new permanent medical mission, which at the time of our meeting was about to commence. The Minister gave a commitment that these activities will continue to be an important part of their technical assistance to Nauru in the area of health. We then discussed the many training opportunities in health both short courses and proper diploma and degree programmes and I indicated that we have just undertaken a Training Needs Analysis review and will definitely incorporate the opportunities offered by the Government of Taiwan in our efforts to fulfil the department's training needs.*

*We also discussed Taiwan's ongoing interest to be part of the WHO and I re-affirmed our support for Taiwan in this endeavour.*

*I also flagged our interest and intention to pursue a twinning programme with the Show Chan Memorial Hospital especially in the field of dialysis services and he offered his Ministry's support for such an initiative.*

*Before I left Taiwan, I was informed that the President and owner of the Show Chan Memorial Hospital is seeking to come to Nauru which is a great opportunity to canvass and reach agreement on formal co-operation between our two hospitals. This will be confirmed in due course.*

*Also before I left Taiwan, I took the opportunity to have discussions with my colleague the Minister for Health from Kiribati on the prosthesis services they have in Kiribati. I conveyed to him our interest to establish this service in Nauru as part of our physiotherapy and rehabilitation services in Nauru. We agreed to work together on this matter in order to establish best ways to have this service accessed in Kiribati or brought to Nauru.*

*On November 6 I departed Taiwan and returned to home via Brisbane. Thank you Mr. Speaker.'*

(f) Hon. Dr. Kieren Keke (Minister for Finance) made a statement on **'Presentation of Various Statutory Reports'**, which reads as under:-

*'Mr. Speaker and Honourable colleagues, there are a number of entities within the Finance portfolio that are required to report regularly to Parliament. A number of these entities are*

essentially inactive, and so cannot produce reports as required and there has been no reporting on their financial state for some time.

However, rather than totally ignore the legal requirements, I wish to table reports on the entities within my portfolio responsibility and trust that the House will accept these as complying with the statutory reporting requirements.

**Bank of Nauru – Annual Report for Year ending June 2008.**

Under Section 31 of the Bank of Nauru Act 1976, the Bank is required to report to Cabinet during the month of August on the financial situation of the Bank, and this report is to be tabled in Parliament.

While the Bank has provided a valuable cash handling and payment service for Government in recent years, it became insolvent in the late 1990s and has not operated as a full commercial Bank for many years. Depositors are not able to withdraw cash from their accounts and the Bank has no funds to provide loans or to pay interest on accounts. There are no prospects for the Bank to be recapitalised and resume functioning as a Bank. At the same time and likely as a direct consequence of the Bank's inability to provide commercial banking services, the Bank has not been developing annual budgets and has not maintained full financial statements, let alone have there been any audited reports submitted to Cabinet or Parliament.

The Bank of Nauru has not made such a report for several years and although the Minister for Finance has written to the Chairman of the Bank seeking a report for 2006-07 and for 2007-08 in all reality given the way the Bank has operated over the last decade, the production of proper annual accounts and financial statements of the Bank's corporate activities will need a great deal of time and consultant input.

The government has made a policy decision to formally close and liquidate the Bank of Nauru. With the enactment of the Payments Directorate Act 2008, the Bank of Nauru is now effectively a dormant entity. It is not undertaking any activities as the Bank of Nauru and the last remaining services it was providing, such as cash handling functions on behalf of government and certain corporations, have been transferred to the Directorate of Payments within the Department of Finance.

AusAID has agreed to provide funding support towards the process of closing and liquidating the Bank of Nauru. This is expected to be a time consuming and complex task but one that government wants to ensure is done properly and completely. The Terms of Reference for the first stage of this winding up process have been finalised and government expects tenders to be sought this week, late November 2008, for consultants to be engaged for the first stage of work.

As part of the winding up process the government has formally closed the Bank of Nauru's overseas accounts held with Westpac in Australia, and has transferred the funds to the government's own accounts with Westpac. The Department of Finance is working to close the Bank of Nauru accounts held in Fiji and Singapore.

The aims of the winding up and liquidation work for which consultants are being recruited include a major focus on consolidating all former individual bank accounts, securing all the related account and bank records to enable the government, with the assistance of the consultants, to assess options of what may be done to recover personal savings that were lost by former governments' abuse of the bank.

**Republic of Nauru Finance Corporation – Annual Report for year ending June 2008**

Under Section 33 of the Republic of Nauru Finance Corporation Act 1972, the Board is required to cause an audit of RONFIN and to report to Cabinet at least once each year. This report is to be tabled in Parliament. It appears likely that RONFIN has never submitted such an audited annual report or having ever been audited.

However, certainly during the course of the last financial year and for a number of recent years RONFIN has not undertaken any activities and is one of a number of government corporations which are dormant and not operating.

RONFIN's ongoing existence does not serve any purpose nor does it fit in with any of the current government's plans. Advice has therefore been sought by the Minister for Finance from the Departments of Finance and Justice on the formal winding up and dissolution of the company.

### **Nauru Insurance Corporation – Annual Report for year ending June 2008**

*The Nauru Insurance Corporation has not been active since it ceased operations in 2006 subsequent to a Cabinet decision. There are therefore neither annual financial statements nor a report of its activities for the financial year ending June 2008.*

*The Department of Finance is working with the Bank of Hawaii for the return of funds from Guam that were held in Nauru Insurance Corporation accounts, which represent the last of the Corporation's known assets. It is expected that this process will be concluded by the end of December 2008.*

*Given the absence yet need for insurance services, government is assessing options to enable provision of insurance services on Nauru. This includes the option of formally winding up and dissolving the Nauru Insurance Corporation and replacing it with other insurance providers.*

*Some initial discussions have been had with existing foreign insurance service providers and the Department of Finance is preparing a submission to a major Australian insurer. The possibility and benefits of attracting a foreign commercial insurer to operate on Nauru will continue to be explored as an option for providing insurance services on Nauru and will help inform a decision by government regarding the future or otherwise of the Nauru Insurance Corporation.*

### **Government Loans Fund - Annual Report for year ending June 2008**

*Under the Government Loans Act 1972, the Government Loans Fund was established to receive all loan moneys on behalf of the Republic. Under Section 8 of the Act, the Minister was to present a report on all loans raised and not fully repaid.*

*This reporting has not formally occurred for many years.*

*However, the Budget papers for 2007-09 and 2008-09 include extensive discussion of the government's debt management strategy and the current debt position.*

*With the assistance of an AusAID funded consultant the Department of Finance has established a database for Nauru's external debts and a staff member has been recruited and trained as the administrator of the database. Available documentary information of Nauru's debts has been collated and recorded in the debt database. This represents a considerable step forward as previous record keeping left much to be desired and there was no consolidated information on Nauru's debt position.*

*Three loans are being serviced indirectly through grant funding from the Republic of China (Taiwan). These donor funds are not received by Nauru but are paid directly by the Republic of China to the financial institution.*

*These are for the PALco loan used to acquire the aircraft VH-INU which is leased to and operated by Nauru Air Corporation for air services to Nauru and other destinations. The other two are old loans incurred in the 1990s, one which was used to refurbish the Menen Hotel and the other for general government expenditures.*

*These three loans are the only formal loans which were active during the period of the last financial year.*

*Payments of certain specific informal debts which may have been made from the Treasury Fund during the last financial year will be included in the Final Budget Outcome Report which is being audited by the Director of Audit and will be tabled in Parliament as soon as auditing is completed.*

*The proposed Public Finance legislation which is being finalised by government will likely repeal and replace the Government Loans Act 1972 by providing updated laws in relation to government debt and its reporting as part of this government's fiscal responsibility reforms.*

### **Superannuation Act - Annual Report for year ending June 2008**

*Section 14 of the Superannuation Act requires the Board to submit annual reports to the Minister on its administration and its working. The Nauru Superannuation Board is not currently functioning as a Superannuation Fund and has not been for many years.*

*In order to address this and the uncertainty for remaining beneficiaries, government has been working to develop financial statements for Nauru Superannuation Board related entities in Australia. A set of complete annual financial statements for all of these entities covering the last 11 years for the period from July 1997 to June 2008 has now been completed and have recently been submitted to the Minister.*



*The required and outstanding tax returns for these entities has also been submitted to the Australian Tax Office and due to cumulative losses it is expected that there will be no tax liability in Australia.*

*The 11 years worth of financial statements will now be provided to the Director of Audit who will be able to provide a report for submission to Parliament.*

*Separately, the government is working towards updating beneficiary date for the Nauru Superannuation Fund.*

*With the update of financial statements from Australia this will enable the government to work with NPRT to assess whether any residual balance is due to the Nauru Superannuation Board and the government will then be able to assess what payments can be made to beneficiaries.*

*After that and in order to prevent the past mistakes happening again where beneficiaries' hard earned superannuation savings were lost by misappropriation by former governments, the Stephen government is planning to formally wind up the Nauru Superannuation Board and Fund and introduce a new superannuation scheme for Nauru and most like in conjunction with reputable existing superannuation schemes operating in other countries.*

*This new superannuation structure will enable Nauruans to save for their retirement secure in the fact that their funds are being invested and managed by professionals and that they are safe and out of the reach of being abused by others.*

*Mr. Speaker, I have tabled a number of reports today that explain the status of these corporations and entities over the last financial year as well as their current status and an outline of actions and plans being progressed by the Stephen Government in relation to each of them.*

*Whilst this report does not table to the House audited annual financial statements and Annual Reports from the relevant Board of Directors, I trust that Members will accept the reasons why this is not possible and that the House will therefore accept these reports as meeting the statutory requirements for the financial year ending June 2008, for each and all of the Bank of Nauru, the Republic of Nauru Finance Corporation (RONFIN), the Nauru Insurance Corporation, the Government Loans Act and the Nauru Superannuation Board and Fund.*

*Mr. Speaker, I commend these reports to the House.'*

(g) Hon. Mathew Batsiua (Minister for Sports) made the following statement on his **'Meeting with the AFL Oceania Developments Manager'**:-

*'Mr. Speaker and Honourable Members, on my return home following the Global Health Forum in Taiwan, I transited through Brisbane for two days. During my transit stop I scheduled a meeting with the AFL Oceania Developments Manager, Mr. Andrew Cadzow to further discuss the opportunities and plans to re-establish Nauru football and for assistance of the AFL in this redevelopment.*

*Our meeting was indeed a very fruitful one as it progressed some of the previously agreed general concepts in greater detail. As I had already mentioned in past ministerial statements relating to AFL, there is renewed focus on the Pacific region by the AFL evidenced by the fact that they have now created this new position that Mr. Cadzow is holding – the Oceania Developments Manager. This is long overdue but nonetheless a promising move for the countries in the region that play AFL as it can open up many opportunities for many talented players in this particular sport.*

*In our meeting, Mr. Cadzow confirmed that they are willing to assist us re-launch our competition next season and made some helpful suggestions on how we should proceed. The following were outcomes of our meeting:-*

- ✚ New senior competition to be based on a national draft system, moving away from district-based clubs.*
- ✚ Suggestions that 6 clubs will be the ideal size of a new competition.*
- ✚ Clubs in new competition to only recruit players from national draft.*
- ✚ First season to be a shortened trial season.*
- ✚ New committee overseeing the new competition to properly plan new administrative structures, laws, rules and regulations and also financial and governance structures.*
- ✚ AFL to assist with provision of laws and by-laws that can be used for new competition.*
- ✚ Encouragement for user-pays systems and sponsors to finance the games.*

- ✚ AFL to resource football kits, jumpers, footballs, educational support materials, cones, electronic scoreboards, flags, bib, etc. required for the new competition.
- ✚ AFL to run training programs for 8/10 weeks for coaches and administrators.
- ✚ Talent identification program for junior development to be explored by the AFL, i.e. Pacific AFL Academy.
- ✚ Auskick to be launched by the AFL in Nauru next year – more affordable Auskick packs to be made available in Nauru.
- ✚ AFL to provide for a national AFL co-ordinator, they provide salary and Sports contribute office space, assistance with transport and communications.
- ✚ Consideration of Oceania Tournament involving Pacific nations – PNG, New Zealand, Nauru, Tonga, Samoa and maybe Fiji to organise and confirm.

Subsequent to returning home, I have been in regular contact with Mr. Cadzow to continue to progress what we had agreed to in our Brisbane meeting.

Additional to this, Mr. Speaker, here in Nauru an Interim Committee has been formed to oversee the re-establishment of our new competition for next year and they have been fully informed of the assistance and advice from the AFL as outlined above.

The Committee will be moving ahead with issuing notices to the public soon to inform of the plans for the new competition and seek interest from clubs and people who are willing to participate and be part of it all. Thank you Mr. Speaker.'

(h) Hon. Frederick Pitcher (Minister for Utilities) made a statement on the '**Progress of Utilities for the period July to October 2008**', which reads as under:-

*'Mr. Speaker and Honourable Members, in my capacity as Minister responsible for Utilities I am pleased to report on the progress of Utilities for the period July to October 2008.*

**Policy Framework** - *Nauru Utilities continue to operate under the mandate of government and, similar to other SOEs, is subject to the Corporations Act 1972. However, Utilities development follows closely government's reform agenda stipulated in the NSDS and supported by the development strategy outlined in the public titled 'Reform of Nauru's Basic Infrastructure Services', which clearly defines key priorities for reforms in the infrastructure sector in a number of areas including recruitment of a management team, subsidy reform, demand and supply management, institutional governance arrangements, improvements in financial sustainability, maintenance planning and others.*

*Plans for corporatizing Utilities are in train – with the development of a draft Bill which is now in the process of being vetted by Justice Department. The draft Bill aims to establish Utilities as a corporate entity. It is anticipated that a new structure plus appropriate policies will be in place when Utilities effectively operates as corporate entity from January 1, 2009.*

**Annual Plan 2008/09** - *Government approved the first Annual Plan for Utilities in its 2008/09 budgetary session. Immediate priorities for the year focus largely on getting services back to acceptable levels of reliability and security. The plan contains four priority areas including institutional development, financial performance, sustainable supply of electricity, water and fuels and demand management through community education and awareness. A total budget of approximately \$2.1 million was approved by government to support implementation of the plan in fiscal year 2008/09.*

**Budget Performance** - *Sales of electricity to the domestic, commercial and industrial sectors remained at 30 cents, 20 cents and 50 cents per unit respectively. Sales of water was also maintained at \$3 per 1,000 gallons to the domestic sector.*

*Revenue earned as of October 31, 2008 was \$668,624. Total expenditure was \$625,987, therefore generating a net profit for the period of \$42,661. Despite this revenue performance continues to struggle due to limited generation capacity and compounded by lack of commitment by most domestic and SOE customers to settle their current and outstanding bills. It is estimated that only a third of domestic bills are collected and two thirds are collected from other sectors. Utilities is currently reviewing strategies for managing SOE customers to ensure that revenue levels earned from SOEs matches budget projections.*

**Technical Missions** - *Mr. Ben Kingsbury, the consultant engaged by AusAID to support the operation of the MYOB system visited Utilities in September to assist with preparation of financial*

reports for the previous financial year and the first quarter of the current year. The next visit is expected at the end of the second quarter.

Miss Kaye Bysouth visited Utilities in July to review AusAID development programs involving Utilities. A larger AusAID review team was deployed to Utilities in August to assess the status of existing assets and advise on short term strategies for managing power assets. A draft mission report has been submitted to government and in partnership with Utilities appropriate support will be sought to assist with implementing the Report's recommendations.

Mr. Antoine Barnaart of APTC visited Utilities in July to assess training needs which may be addressed through the organisation. Calls for applications have been recently announced and Utilities employees have been encouraged to apply.

Also in July, SOPAC sent a team to assist with drafting the Energy Efficiency Action Plan in consultation with the Ministry of CIE. The Action Plan contains a set of strategies involving police measures, community education and demonstration projects.

A second mission from SOPAC took place in October to follow up on the implementation of the Energy Efficiency Action Plan and to support Utilities' identification and development of projects. One of the outcomes of discussions with the SOPAC mission is their interest in developing an energy database for Nauru that will capture power production and consumption data for Utilities planning and management purposes. Work on the database is expected to commence in mid-December.

Again in October, a second mission from the EU, led by Mr. Bernard Blazkiewicz, came to review progress on implementation of the REP-5 program and to discuss opportunities for further assistance. Project concepts for further development in the Utilities sector are being developed in consultation with the AMU.

**Automatic Salary Deduction** - Utilities is currently providing support to the Ministry of Finance in implementing the new policy for payment of domestic power bill by automatic deduction. The automatic deduction is expected to commence soon and will cease once the prepayment meters are commissioned.

**Prepayment meters** - Preparation for prepayment meters is underway. Most of the equipment and the meters themselves have already arrived. Training and preparation for technicians and billing teams is also underway.

Government has adopted a tiered-tariff program which is designed to slowly adjust the community to the new system. The new tariff structure is also designed to provide a subsidy block to ensure that low income families have access to basic electricity.

#### **B. Staff Capacity**

The total number of staff is now around 150, most of whom are engaged in power production and related services. One member of the Tank farm team retired in September and a couple of employees were dismissed on disciplinary grounds.

**Recruitment** - The initial 5 months contract of the Tank Farm Advisor, Mr. Robert Leo, has been extended by another six months and is being funded under the AusAID MOU. Taking into account the significant development and management needs for tank farm operations the role of the Advisor is paramount to support the implementation of the Utilities reform agenda in which rehabilitation of existing infrastructure is a key priority. The initial three months contract for the Rustons Engineer, Mr. Neil Hughes, has also been extended by six months up to December 2008. This will ensure that maintenance of the Ruston generators continue with minimal disruption.

**Training** - Training of local staff remains a priority for Utilities. Training opportunities in the areas of power generation and water production have been provided by the Government of Japan. Local training opportunities in solar energy have also been provided by the EU funded REP-5 program and the Government of Taiwan.

#### **C. Power Generation**

**Supply Capacity** - Ruston No. 1 and No. 6 struggle to meet the community's electricity demand at about 4MW. Three Cummins rental units continue to provide back-up capacity and it is anticipated that the units will remain on-island until such time as the Rustons are operating reliably and are able to meet the community's electricity demand. Until that time, Utilities will maintain the current load-shedding schedule.

The monthly average fuel consumption for power generation during the reporting period has fallen from previous periods, but continues to be high due to the use of the 3 high-revving Cummins

generators. Savings on fuel are expected to be achieved when the Ruston generators are fully operational.

**Maintenance Program** - Maintenance of the Ruston generators is ongoing. Current situation is as follows –

- No. 1 had had a turbo change and is undergoing further inspections before being returned on-line, hopefully in December.
- No. 4 is scheduled for a full overhaul in 2009.
- No. 5 has been fully rebuilt and is now undergoing testing. It is expected to be on-line soon.
- No. 6 has been running smoothly for 7 months but is in need of servicing.
- No. 7's alternator has been installed and is now awaiting installation of a new transformer.

A review will be carried out in January 2009 to determine the Rustons' ability to meet the nation's electricity demand without the Cummins generators.

**Alternative Sources of Fuel** - Taking into account the rising costs of fuel and its burden on the local economy, efforts to investigate alternative fuels, mainly solar and wind energy, continue. To date Utilities' efforts has been supported by development partners such as the EU, the GEF through SPREP and others. A grid connected solar pv system with a capacity of 40kW has been installed at Nauru College. A second site is being considered. This project aims at assessing the viability of solar grid connected systems.

About 60 stand alone solar pv systems were installed throughout the island. Utilities provided a team to support Taiwan's installation team. The stand alone systems were donated by the Government of Taiwan.

Preparation for installing a wind turbine to measure wind energy potential is underway. This project is funded by the GEF and implemented by SPREP's PIGGAREP project. Wind technology has been on trial for sometimes now in other Pacific island states, mainly in the Cook Islands, Fiji, Tuvalu, Samoa and Vanuatu.

#### D. **Tank Farm**

**Supply Capacity** - Usable stock in storage as of November 24<sup>th</sup> –

- 15MT of JetA1 (not usable because it is below specification);
- 347MT (which should last until April 2009);
- 400MT diesel (enough to last until mid-December 2008);
- 300MT of HFO

Price of diesel is still high at \$1.99/litre due to high forex rates.

Utilities continue to provide support and advice to Ministry of Finance regarding fuel quality, procurement strategies and security of supply. Only one pipe line is operational and the second one is scheduled for repair immediately when funds are available. The assets are in dire need of repair and cleaning hence the maintenance schedule of the tanks is well overdue. Development priority for the tank farm remains with upgrading the infrastructure and government has been actively engaged in negotiations with prospective foreign partners to secure business investments in the tank farm.

#### E. **Water Production & Despatch**

**Production Capacity** - Two RO units are currently in operation at the power station, each producing, on average, about 120,000 litres of water per day. At times of prolonged dry weather this capacity is short of demand. Additional RO units at the hotel and the hospital are operational and being serviced by Utilities.

Storage capacity fluctuates from between 5 to 14 days reserve. Two delivery trucks are operational and a capacity of 5,600 litres and 14,000 litres of water respectively and each achieving about 8 deliveries daily. Two additional delivery trucks, 10,000 litres and 4,000 litres, have been donated by the Government of Japan and are expected to arrive on the January 09 ship. Utilities have been working with AMU to engage other donors to contribute to the nation's water production including looking at donor-funded solar-powered desalination plant.

Honourable Members, you will agree that it has been a busy year for Utilities and I wish to express my appreciation to the management and employers of Utilities for their hard work and dedication. Thank you.'

(i) Hon. Dr. Kieren Keke (Minister for Finance) made the following statement on ‘**Various Activities Currently Underway Within the Department of Finance**’:-

*‘Mr. Speaker and Honourable Members, I wish to update this House on the various activities currently underway within the Department of Finance.*

**Electricity \$25 Salary Deductions** - *The collection of salary deductions for electricity bills was a new revenue initiative announced in this year’s budget. As I stated in my update report to the House last month this budget measure is intended to assist government pay for the purchase of diesel to provide power. Although the world price for oil has dropped in the last month or so, the overall cost of diesel for electricity remains a huge cost to our budget. The dramatic loss in value of the Australian dollar and its sharp depreciation in recent weeks means that the reduction in the price of oil is not resulting in any real lowering of price for Nauru. The fact also remains that whilst households are not paying for electricity we will continue to struggle to be able to buy enough diesel to provide 24 hours power.*

*A study of Nauru’s electricity costs in July this year estimated that the total cost to government for fuel was approximately \$6 million each year, with 90% or about \$5.4 million of this cost being for electricity. When government asked every household to pay \$5 per month for electricity only 2 – 5% of households made any payments. The \$25 per fortnight salary deduction for a whole year will only total around \$840,000 if all households pay without fail. Over a full year this salary deduction will therefore only cover the full cost of electricity for a bit more than one month only.*

*The \$25 per fortnight salary deduction from each household will provide only a small contribution to the overall cost of providing electricity, totalling somewhere around 15% of the cost of electricity but it is nevertheless a very important contribution if we wish to see further improvements in our power supply.*

*The fortnightly salary deduction was planned to commence in August but for various reasons has been delayed. This means that it will now be almost 4 months late and this will impact on government’s budget estimates. However, despite these delays the automatic salary deductions will commence at the end of this 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 that household.*

*Notices have been issued to all persons whose salary will be deducted the \$25 each fortnight and these deductions will be commencing with the next pay day.*

*With the \$25 salary deduction only covering about 15% of the true cost of household electricity government is still paying the cost and providing most of your electricity for free. I trust that everyone will appreciate that the salary deductions are a necessary step that will help us achieve 24 hours power on Nauru by providing a contribution to the purchase of diesel.*

*Government understands that this is not popular and that there are many people who disagree with this budget measure but we believe that there is definitely more money circulating and available now to most families and we trust that this will make it more affordable for everyone to once again begin paying for essential services like electricity. We must all accept that if we want to have 24 hours power available on Nauru then everyone must start paying something for electricity.*

*The \$25 salary deduction measure however will likely only remain in place for a few months as the new prepayment meters have arrived on-island and are expected to all be installed by sometime early next year. Once they are installed, this new way of paying in advance for your electricity will start.*

*Through carefully designed electricity tariffs government will continue to be paying for most of the electricity but the prepayment meter system will enable every house on Nauru to decide for themselves how much power they can afford and when they have power or how they use it. Further information about how the new prepayment meters will work will be publicised in the coming months but I am sure that although a different way of doing things, everyone will quickly see how the prepayment meters will be better for everyone.*

**Pending Salaries** - *As part of the annual grant assistance from Taiwan, the Government of Taiwan has transferred funds to Treasury for general budget support. AUD1.05 million of these funds has been set aside for the payment of pending salaries. Cabinet has recently approved the schedule of pending salaries to be paid and has directed that the pending salaries be distributed in the*

week beginning 15<sup>th</sup> December. The Department of Finance has been working with the Department of the Chief Secretary to finalise details of the payments due to individuals.

Pending salary payments will be distributed to approximately 1,560 individuals, including public servants, NFMRA employees, Port Authority employees, Bank of Nauru employees and former employees of the Works Department, the Computer Bureau and the Nauru Insurance Corporation. Cabinet approved the payment of pending salaries owed for periods from around mid 2006 through to around March 2007. This means that not everyone will receive the same amounts but rather each person's payment will depend on how much pending salary they have owed for those pay periods. A few individuals will receive small amounts but the average payment will be \$675 with the highest payment being just under \$3,000.

Some employees have already accessed their pending salary to pay for the return flight from Nadi for the students. This was a one-off measure approved by Cabinet to help ensure all our students studying overseas can get home for Christmas.

I am pleased to also advise the House that the work on finalising the details of all pending salaries for earlier years is progressing well. I expect that all of the pending salary data will be completed sometime early next year. This will enable government to better plan future payments of pending salaries and ideally with a mechanism that is more balanced.

Although some people may only receive small payments of pending salary this December, government trusts that everyone appreciates the effort the Stephen Government has put into beginning to address this problem and that this is the first payment and a demonstration of the Stephen Government's commitment to policies that will help improve the quality of life on Nauru for everyone.

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

Much work has been done on the debt management strategy and this has included the government beginning negotiations 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 allow. This has already led to some debts being totally forgiven.

Importantly, the government has also commenced discussions with the current owners of the Series B and C Japanese Yen Bonds issued by former governments in the mid 1990s through RONFIN. These unpaid Japanese bonds represent the largest single debt owed by Nauru. The government has also taken legal advice on the status of these bonds given the various court cases they have generated across the world and it is expected that in the coming months Nauru will finally be in a clear and firm position regarding this massive debt which currently stands at hundreds of millions of dollars and is simply unmanageable.

The Department of Finance is also finalising a spreadsheet to handle the inter-related debts owed by Nauru's State owned Enterprises, which will enable the government to make policy decisions to commence a process of addressing these internal debts.

These are significant steps towards addressing and ultimately overcoming the horrendous debt burden left to Nauru by previous generations.

**Public Finance Legislation** - In an associated development the government shall introduce to Parliament public finance legislation to cement in place principles of good government financial management and reporting. The legislation will require that any future borrowings by the government or a government agency are subject to careful scrutiny and analysis. Draft legislation is currently being reviewed by the Justice Department and government's lawyers. This government is determined to ensure that the mistakes of the past are not repeated in the future.

Mr. Speaker, you may be aware of some unfortunate remarks made in the media recently casting Nauru as a 'tax haven' which harbours banks and unregulated hedge funds. It was disappointing that some of these remarks came from well known European leaders. Nothing could be further from the truth and the Department of Finance has worked with our foreign missions to remind other nations of the hard work done by Nauru to clean up its act. I have also written to the President of the OECD reminding them of Nauru's delisting from the FATF blacklist and the removal of the US Treasury advisories on Nauru. I have asked the OECD to assist in ensuring that all the hard work and progress Nauru has made in cleaning up our financial sector is not smeared by ill-informed comments made out of frustration by world leaders.

**MYOB** - A number of milestones have been achieved under the MYOB accounting project. The MYOB software has been installed at 5 government state owned enterprises being Utilities, RONPHOS, the Menen Hotel, Eigigu and Rehab. Training has been provided to 35 staff in the use of the MYOB software. An additional training programme will be provided in early December.

The Department of Finance has begun the process of extending the rollout of MYOB to RONTEL, NC Supermarket and government as agreed through the MOU negotiations with Australia.

The appointment of an MYOB payroll specialist, tasked to implement the major project of putting the government payroll onto MYOB is expected to be finalised soon with the aim of having the specialist commence in January 2009. MYOB payroll training will be conducted on Nauru in early December.

**Banking** - As I have earlier informed the House the support of the Australian government was sought in discussions I had with Minister Smith Australia's Foreign Minister in Canberra in July and by the President with Prime Minister Rudd in Niue in regards to attracting an Australian bank to establish banking services in Nauru.

Unfortunately, the global financial crisis has worked against Nauru with the major Australian banks declining to expand their operations into Nauru at this time.

Despite these disappointments, we continue our endeavours to re-establish commercial banking services and in line with the KPMG report we are now progressing to assess other options and models to achieve this. There have been some positive discussions recently. If and when the discussions take a firmer outlook, I will update the House accordingly.

In a related development, the Department of Finance is preparing a submission for a major Australian insurer in an attempt to attract a commercial insurer to operate on Nauru.

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. The government expects tenders to be sought for Stage 1 of this process this week. This work will involve appropriately experienced and qualified consultants assisting us consolidate and reconcile all account and bank records. This will enable government to work towards options of what may be done with 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 we recently hosted an ADB consultant for one week.

At the recent Forum Economic Ministers Meeting I took the opportunity to discuss the ADB's draft Country Operations Business Plan for Nauru with senior ADB officials.

The ADB will provide technical assistance for the design and establishment of a new Government Trust Fund. This new trust fund will replace Government's Long Term Development Fund and the old Housing Fund both of which used to be managed by NPRT.

The primary aim is that with donor partner involvement government will rebuild a new Trust Fund that will provide an ongoing source of revenue that will provide budget and development support for government especially when phosphate mining finished in 20 to 30 years time.

There will be additional benefits through establishing an internationally supported partnership to assist in creating a new structure with the highest standards of performance and accountability. A robust structure for the trust fund also has the potential to enhance government's efficiency, effectiveness and ethical practices. The goal of the fund's governance structure will be to provide direct oversight of the fund itself while concurrently offering broad insight and foresight functions for the development of Nauru's economy and so both stringently safeguard trust assets while simultaneously working to help protect the overall economy from waste and mismanagement.

Involving the expertise of the ADB and other donor partners will help ensure that the new Trust Fund will operate on the highest standards and will be an example of financial governance for the whole of government including our corporations.

Terms of Reference for this project are to be released by the ADB by the end of this month, with a view to contracting consultants in January. It is expected that they will visit Nauru and commence this work in February. This work is vital to help secure the long term future of Nauru.

The ADB is now also working with government on a major project to expand and upgrade Nauru's port facility. This will be a major project and will be dependent on additional donor funding being secured. However, given the current state of the port and the crucial role the port plays in our

economy, careful and detailed planning will be required. It is expected that interim, immediate and critical works will be undertaken on the port with assistance from AusAID, whilst the planning for the major project is expected to take most of 2009 with the major construction targeted for 2010. There is a possibility, with private investment funds, that part of the construction work will be undertaken in 2009 and this is currently being explored with ADB and the private investors.

**Statistics** - Based on data obtained through the Household Income and Expenditure Survey the Bureau of Statistics has developed 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 has produced monthly CPI figures for September and October. These are the first CPI estimates for a very long time for which I congratulate the Bureau.

Mr. Speaker, there are a number of important economic reforms underway on Nauru and I will continue to update the House on these and other important matters as they progress. Thank you Mr. Speaker.'

(j) Hon. Mathew Batsiua (Minister for Health) made a statement on **'World Diabetes Day'**, which reads as follows:-

*'Mr. Speaker, on November 14 Nauru celebrated World Diabetes Day. On that day a full day's programme was organised by the Department of Health to help raise awareness of diabetes and its debilitating effects. A highlight of the day's programme included a prize giving ceremony for the 'Stomp the Fat' National Weight Reduction Campaign, a project, again organised by the Public Health section in partnership and collaboration with Department of Sports. Honourable Members will recall that earlier this year the Department of Health launched this national weight loss event as part of our effort to combat obesity and unhealthy lifestyles which are two of the main risk factors to developing diabetes.*

*The United Nations General Assembly has designated November 14, as a United Nations Day to be observed every year beginning last year. This year's 2008 theme is 'Diabetes in Children and Adults' and the objectives of this year's campaign are to –*

- ✓ *Increase the number of children supported by IDF Life of a Child Program;*
- ✓ *Raise awareness of the warning signs of diabetes; and*
- ✓ *Promote healthy lifestyles to help prevent Type 2 diabetes in children.*

*With the changing lifestyles and dietary habits in Nauru the health of this nation is now dominated by non-communicable diseases especially diabetes. In our health surveys it shows that Nauru has the highest national prevalence of diabetes in the world with 22.7% of Nauru's population over the age of 25 years and nearly half of all Nauruans over the age of 55 years being diabetic.*

*In addition it was found that 62% of the Nauruans were obese with slightly more female (64%) than males (60%) classified in the high risk category for non communicable diseases.*

*Apart from the impacts on the individual diabetes also have a major negative impact on Nauru's social and economic development. Nearly every female in Nauru is affected by diabetes in some way. However, up to 80% of diabetes can be prevented by adopting a healthy diet, increasing physical activity and promoting a healthy lifestyle.*

*To address diabetes and other non-communicable disease problems, the Nauru NCD plan with technical support from WHO and SPC has been developed and implemented. The focus of our NCD plan centres on prevention and controlling of risk factors.*

*Moreover, in collaboration with World Diabetes Foundation and University of Sydney, Nauru public health department had started a 2-year diabetes project in order to increase the capacity in diabetes treatment and prevention and control of complications.*

*As mentioned earlier this year we witnessed the launching and implementation of a National Weight Reduction Campaign, 'Stomp the Fat', an activity that is intended to promote healthy lifestyles as people participate and try to reach the targets set by the competition. The 'Stomp the Fat' campaign was very successful. Out of the 119 participants who weighed in the final evaluation, a total of 88 persons reduced their weight and successfully fulfilled the weight loss requirements of the campaign. The five best teams also won the team awards.*

*I am sure all Members will join me in congratulating all those who were successful in this competition, including the teams which were successful namely Teams Slicket, Magnolia & Cherry Blossom who were equal first, followed closely by Kum Kum Girls, Stampers and Silhouettes.*



*This is a tremendous success at the initial step of our 'Stomp the Fat' campaign and, Mr. Speaker, I would encourage all of us here to set a great example for our people and participate in the new program, 'Stomp the Fat II'.*

*Best of health to each and every one of you. Mwa tubwa kor!*

(k) His Excellency President Marcus Stephen made the following statement on **'Update on Prisons'**:-

*'Mr. Speaker, you will recall in my address to a Parliament sitting following the election that I outlined to the Parliament my government's proposal to separate the Prisons' responsibilities from the police and maintain a strong focus on police reforms. At that time I also indicated that the separation of Prisons from police was necessary as clearly there is and would continue to be conflicts of interest between the two responsibilities under the one administration with complaints and allegations continuing to be made.*

*I am pleased to announce to the Parliament that the priority areas of the prison are being reconstructed with Ebigu Corporation working six days a week to rebuild the key sections of the prison as a priority. This will provide increased security and better living conditions as these works are completed and come on line. In addition to the cell capacity prior to the fire, a former block of four cells together with ablution facilities is being brought back into service and is nearing completion, together with re-roofing of the building in this area nearing completion. All of the structural walls have been repaired and in some cases windows are being installed in administration areas. Part of the rebuilt wall also provide for a more discreet area for family visits.*

*Mr. Speaker, it is unfortunate that this country has had to put up with such wanton acts of sabotage leading to destruction of our key infrastructures. Despite those despicable acts by a few who do so for supposed political advantage, the government has continued to maintain the services in the best possible manner endeavouring always to look for alternatives to improve the security and living conditions of those in lawful custody. My government is moving quickly to address shortcomings in the former building, increase capacity for prisoners and have a more discreet area for prisoner visitation and religious ceremonies.*

*In the reconstruction we have tried to meet the requirement for balance that will ensure security of our prisoners at all times and the treatment of those in custody with fairness and humanity.*

*I would like to also add that it is incumbent upon everyone who is affected by this disruption to our prison services, that being the police, prison staff, prisoners, prisoner and families together and with the broader community, to be patient and understanding of the current situation as the government moves towards remedying the core problems of re-establishing the prison and separating the responsibilities for the protection and security of prison inmates from the police.*

*Throughout this process it has been at times difficult and has required patience and understanding from the prison population, their families and the prison staff. There have been reported issues of concern and in some cases complaints as to prisoner's treatment. Those matters are continuing to be subject to investigation and are of concern to my government.*

*Mr. Speaker, my Cabinet has agreed in principle to the separation of the responsibilities and given this issue priority. In doing so the Minister for Justice and I have been working with senior police and Justice personnel to ensure a timely and efficient move to separation. Administrative and governance procedures are nearing completion and the Secretary for Justice is now working on a new and amending legislation including the drafting of a Correctional Services Bill for Cabinet consideration. Once the Bill's passage through Parliament has been completed it will provide the legal basis for the prison to operate separately from the police.*

*The transfer of 19 positions from the police to the new prison service has already been approved by Cabinet and the recruitment through the Public Service of prison officers will occur shortly in accordance with Public Service employment requirements.*

*Mr. Speaker, it is anticipated that the advertising for prospective prison staff could occur very shortly and as early as next fortnight. Once selected for the training program, those persons will commence a four-week Correctional Qualifying Course currently programmed to commence on 12<sup>th</sup> January 2009. The Nauru Police Force will assist in the delivery of the course with the Secretary for Justice and Human Resources & Labour.*

*Until the transfer of responsibilities is completed the Commissioner of Police will continue to be responsible for the overall management of the prison. Thank you.'*

(1) Hon. Dr. Kieren Keke (Minister for Foreign Affairs & Trade) made the following statement on **'An Update on Activities Within the Department of Foreign Affairs & Trade'**:

*'Mr. Speaker and Honourable Members, when I addressed the honourable House in September I began by paying tribute to Mr. Greg Urwin, former Secretary General of the Forum who had passed away in August. On a less sad note allow me to also begin by expressing government's deep gratitude to Mr. Iosefa Maiava, my former Secretary for Foreign Affairs & Trade, for the enormous contribution he has made to the Department and the Government and people of Nauru. Mr. Maiava's contacts and reputation in the region and his knowledge of regional and international organisations played a major role in advancing Nauru's interests in many areas within the region. He was also instrumental in developing Nauru's understanding of the importance of trade issues including trade in services and labour mobility. Let's all wish him well in his future endeavours as he takes up as head of the new UNESCAP office in Suva and in so doing join me in welcoming Mr. Robert Sisilo, a Solomon Islands national who now heads the department.*

*Mr. Sisilo has a long and distinguished career in Foreign Affairs and Trade having served in the Solomon Islands Foreign Ministry for more than 20 years and is one of the most experienced in the Pacific region. Mr. Sisilo has served as the Solomon Islands Ambassador to the European Union, he has headed the Solomon Islands Mission in New York, has served as Deputy Secretary for Foreign Affairs and he recently completed his term as the Forum Permanent Representative to the World Trade Organisation in Geneva. I hereby table for information of Members his C.V.*

*We are fortunate to have someone of such experience and calibre working for us and I am certain that Mr. Sisilo will provide invaluable contributions to the further development of Nauru's Department of Foreign Affairs & Trade.*

*Mr. Speaker, the last two months has seen the department finally reasserting its rightful role as the government's first line of defence in our foreign relations. This can be seen from DFAT's contribution to the implementation of the NSDS as noted in its progress report.*

*Not well reflected in the NSDS Report however is the important role that DFAT plays in communication, protocol and consular matters. In the last couple of years, and as Nauru reasserted its place to increasingly engage with regional and international donors and development partners, the amount of logistical support and consular work has increased as well.*

*Trade is another issue that is not well covered in the NSDS. Despite our resource constraints Nauru has been able to participate effectively in regional and international trade meetings and negotiations. I attended and fully participated in the Pacific ACP Trade Ministers meeting that was held in October in Nadi, Fiji to consider our next moves on the Economic Partnership Agreement with the EU, the Pacific Islands Trade Agreement and the proposed Trade Agreement with Australia and New Zealand.*

*I sincerely hope that in the next 2 years we will be able to implement the trade agreements we have already signed and ratified. For this to happen we will have to revisit our policies and laws that govern our tariffs and customs structures. We may have to devise a new taxation law if we wish to continue generating revenue through taxation. The steps to do this are outlined in a 'Trade Implementation 2008-09 Work Plan' I will table in Cabinet shortly.*

*The 'Work Plan' will enable Nauru to derive maximum benefits from such agreements. But we have to strike a balance between the increasingly important role trade will play, revenue generation and the environment. This can only be done if trade is brought into the mainstream of government policy. It just has to.*

*Mr. Speaker, we and other Pacific Island Countries must therefore ensure that the trade agreements we negotiate and enter into with other countries must benefit all. For Nauru such agreements must not be just about trade in good. They must include the movement of semi-skilled labour, capacity building, foreign direct investment, fisheries and improved shipping and communication. Otherwise they will mean very little and will be of zero benefit, at least for Nauru.*

*In fisheries for instance, there has to be better and flexible rules of origin so that the export of fish and fish-related products are not restricted. Equally important is to ensure that trade and*

*investment agreements do not further harm our already damaged and fragile physical and social environment.*

*Mr. Speaker, to accomplish these noble goals we need a strong Foreign Affairs and Trade Department and overseas missions that can actively and effectively promote and defend our interests abroad. We are, therefore, working on completing our Foreign Relations and Trade Policy statement by the end of the year.*

*In the meantime we have started introducing changes by placing staff in our overseas missions on 2-year contracts. Our Consul General and staff in Brisbane are now on contracts and similar arrangements are being made for the High Commission in Suva. This exercise is expected to improve performance as this will be the basis and justification for contract renewal.*

*I say 'improve performance' because as I speak our overseas-based diplomats are all working hard in promoting and defending our interests in the countries and international organisations they are accredited to. For example, despite Nauru's removal from FINCEN, OECD and FATF lists of non-compliant countries we have recently found that some US banking institutions still do not recognise this. Our Ambassador in New York has therefore lodged a formal complaint with the State Department during her visit to Washington, D.C., in early November.*

*Then there is the US 'Stop Tax Haven Abuse' Bill with a series of amendments aimed at strengthening the tax, securities and anti-money laundering legislative frame-work of the US. It includes a list of 34 'off shore secrecy jurisdictions' with Nauru included. Our Ambassador in New York has again registered our concern with the US State Department regarding the devastating impact this Bill will have on our ongoing discussions with development partners to establish a commercial bank in Nauru.*

*And to make matters worse, last month an article appeared on the internet suggesting that the OECD will put out a new black-list of tax havens to improve global financial regulations. The article referred to banks and hedge funds 'in places like Nauru', and it specifically mentioned the French Prime Minister and Budget Minister as proposing this new black list.*

*Mr. Speaker, there are no such banks or hedge funds based in Nauru these days. Not anymore! We have therefore asked our Ambassador in Suva to impress on the Suva-based EU representative Nauru's serious concern and frustration that it continues to be smeared by a reputation that is no longer deserved.*

*And here at home the DFAT staff has continued to collaborate with other departments of government and stakeholders and they continue to work with our development partners for the betterment of our country. Some of the key activities we have facilitated and will facilitate include –*

- (i) His Excellency the President's visit to Papua New Guinea in October to discuss opportunities for co-operation in fisheries matters as well as a proposal for PNG to supply fuel to Nauru and to use Nauru's fuel tank farm, the largest tank farm in the Pacific outside Guam.*
- (ii) His Excellency the President's visit to New York to address the United Nations General Assembly in late October and Singapore in early November; and*
- (iii) The visit of the Ambassador-Designate of India to present his Credentials to His Excellency the President on Friday this week. We are also expecting the Ambassadors-Designate of Fiji and the United States to come and present their Credentials before the end of the year.*

*Mr. Speaker, you will recall Nauru has not been able to honour many of its regional and international treaty obligations, financial or otherwise, over the years. While some of our financial arrears have been written off or paid by our generous donor partners, the problem of arrears and unpaid membership fees remains a major concern. The lack of implementation of many of our treaty obligations is also another major concern.*

*In trying to address these problems, my department has made every effort to start paying our current contributions to some key organisations. At the same time we have also tried to collate more information on the arrears and dues and the benefits accrued to Nauru from its membership of these various organisation. But to date there has been little co-operation, not only from the organisations concerned, but also from parts of government that are perceived to be beneficiaries of these organisations.*

*My department is therefore looking at the possibility of engaging a consultant, to be funded by one of our regional organisations, to do a cost-benefit analysis of the many regional and international organisations Nauru is a member of. We hope to complete this review in 2009 so that informed decisions on whether we should continue to be members of these organisations or not can be made.*

*Mr. Speaker, thanks to all our friends I am happy to say that we have certainly made some progress during the last 2 months and will continue to do so in the coming months. And here I must put on record my deep appreciation to all our development partners and regional and international organisations for the constructive engagement we continue to have with them and for their unfailing support. They have certainly made a difference to our lives and we will need them for a very long time if we are to integrate fully and comfortably into the global economy.*

*I must note in particular the physical presence of the Ambassador of Taiwan and the Consulate-General of Australia on our shores and for the high level of support that we continue to get from them and their hard-working staff. As the old saying goes 'A friend in need is a friend indeed'. I am glad that we still have such friends around. Thank you Mr. Speaker.'*

(m) Hon. Dr. Kieren Keke (Minister Assisting the President) made a statement on 'Overseas Trips and Meetings Attended', which reads as under:-

*'Mr. Speaker and Honourable Members, since the last sitting of Parliament, I have undertaken several trips overseas and have attended a range of meetings.*

***PCAP Trade Ministers Meeting*** - *In late October I attended the Pacific African Caribbean Pacific Trade Ministers Meeting held in Nadi, Fiji. The Secretary for Foreign Affairs attended this meeting with me as well as the officials meeting held before and following the Ministerial meeting.*

*The meeting discussed a range of regional trade issues but focussed the most attention on reaching agreement on the region's approach to the proposed Economic Partnership Agreement with the European Union. I am pleased to say that the Ministers agreed for regional unity and maintaining its stance on the need for concrete benefits to be included in the proposed EPA, including trade in services and labour mobility, as well as the need to address certain provisions that would negatively impact the Pacific including rules relating to fisheries as well as other infant industries the Pacific needs to protect and build.*

*Further discussions were held on the Pacific Island Countries Trade Agreement (PICTA) and the need for all countries to take concrete steps towards implementing this as quickly as possible. It was agreed that if we are to negotiate and trade as a block with other regions and countries, then we need to have effective trade measures between the Pacific Island Countries in order to maximise the potential benefits from trade.*

*The meeting also agreed on moving forward with the recruitment of a regional Trade Advisor to assist the Pacific Island countries in advancing the negotiations with Australia and New Zealand on the Pacific Agreement on Closer Economic Relations (PACER Plus).*

*I hereby table the Outcomes Document from this meeting for information of Members.*

*There are both significant and potential benefits as well as risks in all these trade negotiations. However, Nauru can no longer sit silent and believe that these matters won't affect us. Regardless of whether we are involved or not decisions made globally as well as regionally will impact on Nauru. The best strategy for Nauru is to ensure that we are well informed and actively participate in all trade negotiations. In this way we will ensure that Nauru's interests are both protected and that we scrutinise opportunities for economic growth through trade.*

*Whilst in Fiji and in the margins of the Trade Ministers meeting, I had a number of other meetings.*

*I was able to meet with Mr. Richard Dictus, the Permanent Representative and Head of the UNDP Mission in Fiji which covers Nauru. We discussed the projects UNDP is advancing with Nauru and how best to maximise the involvement of the UNDP in Nauru. I was happy with the outcomes of the meeting resulting in clear ways to progress the Constitutional Review project, the Parliamentary Strengthening Project, assistance with the development of the new Government Trust Fund and importantly, the establishment of a permanent UN office on Nauru that will assist our access to assistance from the United Nations system.*

*I had discussions with the Minister from the Federated States of Micronesia who was very eager to follow up earlier discussions regarding the possibility of extending Our Airline's air services to FSM and to connect them to Australia as well as other Pacific Islands. The Minister for Transport and Our Airline management will be following up these discussions with FSM.*

*I spent a day and half in Suva whilst in Fiji and met with Suva Private Hospital at the request of the Minister for Health. This was a fruitful meeting that should help to iron out some issues the Health Department was having with reporting on our patients' progress as well as financial accountability for costs incurred. I also met with a Health Insurance provider, again at the request of the Minister for Health, to explore possibilities of developing a Health Insurance scheme for Nauruans to cover overseas medical referrals. Although positive, these are early discussions and further assessment of options will be undertaken.*

*Whilst in Suva, the Secretary for Foreign Affairs and I spent many hours with Nauru's High Commissioner to Fiji, H.E. Mr. Jarden Kephass. This was a great opportunity to see how he has settled into his role but importantly to ensure the High Commission is clear and focussed on its role for Nauru. The Suva Mission is Nauru's primary regional focus point and with the access it has to the Forum Secretariat, SPC, other CROP agencies as well as many other countries represented in Fiji, the Ministry wants to strengthen this mission. Following the discussions with the High Commissioner, a new staff structure was agreed to and the department will shortly be advertising new positions and effecting the restructuring of the Suva High Commission.*

*I also took the opportunity to host a luncheon before returning to Nadi for a representative group of Nauru's senior tertiary students. This was an excellent opportunity to not only express government's support for our students as Nauru's future leaders, but also to get an update on their progress. I also had one on one time with most of the students who took the opportunity, as expected to raise various issues regarding their welfare and how government can better support them whilst overseas. I am very happy to note the number of our tertiary students who will be completing their studies this year and next year. Their return to Nauru will certainly provide a valuable injection of educated Nauruans into our workforce and government looks forward to seeing the fruits of the investment in our future.*

*Whilst in Nadi I also had the pleasure of meeting in person Mr. Robert Sisilo our new Secretary for Foreign Affairs and Trade and ensuring that all arrangements for his coming to Nauru were in place. Mr. Maiava and I were able to give him a bit of a briefing on what to expect and the work ahead of him.*

**Brisbane** - *From Nadi I spent a few days to transit in Brisbane.*

*Most of my time in Brisbane was taken up with meetings with Our Airline management in relation to finalising the purchase of the second aircraft.*

*I also did have a meeting with Norfolk Island Minister for Finance who is responsible for their air services. This allowed us to strengthen the relationship we have with Norfolk as well as to provide details on the progress of the second aircraft which will be dedicated to servicing the Norfolk contract.*

*I was joined by the Secretary for Foreign Affairs as well as Chitra Jeremiah who is now based in Brisbane but still working with the Aid Management Unit for a meeting with a representative firm from the European Union. This meeting was a review and update on the progress on various EU funded projects on Nauru, in particular the Renewable Energy Projects as well as discussions of possible projects for Nauru to submit for the new round of funding, the EDF10.*

*I was fortunate to be invited by the Brisbane Nauru Community to their Angam Day celebrations. The Nauruan community in Brisbane has certainly grown but it is great to see the leadership from Consul General Clarissa Jeremiah and Consular Officer Trent Dabwido and the organisation of the Committee. They are to be commended for keeping the Nauru Brisbane community active and close with frequent family activities and gatherings on our national days like the Angam Day celebration which was well attended.*

*I, of course, had several discussions with our Consul General about her work and the setting up of the new office. The Consulate is now operational at Level 3, 99 Creek Street in Brisbane city and is being refitted with new furniture and equipment. We are hoping to have the official opening at the soonest opportunity.*

**FEMM – Port Vila** - From Brisbane I attend the Forum Economic Ministers Meeting (FEMM) in Port Vila, Vanuatu. I was accompanied to this meeting by Mr. Adrian Chippendale, the Secretary for Finance.

This meeting covered a number of important issues for Nauru including the impact of the global financial crisis and what the Pacific islands can do to reduce its impact on us, the global food and oil crisis as well as labour mobility.

The food and oil crisis certainly took a lot of attention and there was a lot of discussion regarding measures for us to look at to ensure food safety. There has been a lot of talk in the Pacific about the benefits of a regional pooled procurement mechanism to reduce the cost of oil for all of us. The Leaders at the Niue Forum gave extra impetus to seeing this progress and I was able to sign a Memorandum of Understanding on behalf of Nauru to begin the logistic and planning work towards implanting this pooled regional procurement of fuel.

I hereby also take the Outcomes Document for this meeting for the information of Members.

On the margins of the FEMM, the Secretary for Finance and I had a few other meetings, including a meeting with Senator Nick Sherry, the Australian Minister for Superannuation and responsible for the financial sector and its supervision. I updated Mr. Sherry on the lack of progress we had had with attracting Australian Banks to Nauru to which he offered to again push the banks to reconsider their position and we also discussed the regulation of any new bank on Nauru. Effective regulation of banks and financial institutions is one of the best safeguards for people's savings in a bank. The Australian regulatory system is regarded as one of the best in the world and is a large part of the reason why Australian banks are handling the global financial crisis better than other countries. If we were to have a new bank on Nauru regulated by the Australian system, our people and all those who save money in the new bank can be confident that the bank is closely monitored and that their savings will be safe. Minister Sherry was very receptive to this proposal and the Department of Finance is following up with Australian officials.

We also met with the Director General of the ADB and his staff. We discussed the assistance that ADB can provide to Nauru at this early stage of re-engagement. The ADB will focus its assistance initially in building a new Government Trust Fund as well as the redevelopment of the port.

We also had discussions with the World Bank about the benefits of Nauru joining the World Bank and IMF. This is a matter that the Department of Finance is following up and a submission will be coming to Cabinet in due course.

**Singapore** - Mr. Speaker, I also travelled to Singapore along with the President and his delegation and separately prior to that. The main purpose of my initial meetings there was to finalise the finance arrangements for the acquisition of the second aircraft. These were drawn out and at times difficult meetings but in the end the finance was finalised in time to acquire the second aircraft. I also met with the agent of the owners of the aircraft in Singapore who was heavily involved in the sale process. This aircraft has now been delivered to Melbourne and is undergoing registration processes under CASA before it will come into service.

The meetings with the President and delegation covered a range of issues, many of them still commercially sensitive and for which I will report as and when I am able. Significant matters addressed at these meetings included the proposed tuna cannery for Nauru, the tank farm refurbishment, expansion and rebuilding of the shipping port, RONPHOS, banking and PHILPHOS.

Mr. Speaker, I have spent a lot of time off-island over the last few months which makes it difficult to keep up with all the many different matters needing to be addressed here on island, but attendance at these meetings and this travel in unavoidable and I try to maximise returns for Nauru in all my travel whilst keeping up with the work on-island. I trust Members will appreciate the range of issues that I have been able to progress for Nauru in my recent travels. Thank you.'

(n) Hon. Frederick Pitcher (Minister for CIE) made the following statement on '**Tuna Cannery Project**':-

'Mr. Speaker, I wish to inform this august House of my recent trip to Singapore from 7<sup>th</sup> to 16<sup>th</sup> of this month accompanying HE the President and his delegation, including the Minister for Foreign Affairs & Trade.

*The purpose of the trip was to finalise the JV project establishing a tuna cannery in Nauru. The JV has been the subject of ongoing discussions and negotiations for well over 8 months.*

*I wish to inform this House that we have agreed and signed in principle to proceed in establishing a Tuna Cannery in Nauru that will benefit the people of Nauru. There are some minor formalities that NFMRA and Justice Department are looking into to ensure that this JV is finalised and to ensure that we comply with regional commitments and signed Declarations.*

*The main areas I wish to briefly highlight to Members are –*

- *That Nauru will not put in any funding for the JV meaning Nauru will not be risking any Treasury funds through this partnership.*
- *The cannery will initially employ 500 Nauruan people including expatriate management experts.*
- *There is the possibility and potential that up to 1,000 employment opportunities will be created in the second and third years of operation.*
- *The cannery project is ready to commence with the construction of the cannery early next year.*
- *It will take a minimum of 10 months to complete and should be in operation by the end of next year.*
- *This will be the first major foreign direct investment for Nauru – potentially worth in excess of \$50 million.*
- *Part of the cannery project is to expand the current boat harbour in Aiwo to accommodate purse seine vessels that will be offloading tuna catches that will be required by the cannery.*

*Mr. Speaker, this ambitious JV will be of great benefit to Nauru and her people and there will be numerous other flow-on benefits for the national economy.*

*The eight parties to the Nauru Agreement including RMI, Tuvalu, Nauru, Kiribati, FSM, Palau, Solomon Islands and PNG have been encouraging PNA countries to invest in downstream processing of tuna products within its membership.*

*Nauru is ready to take the next step in expanding and maximising her revenue from our tuna resources as evident by this JV.*

*For Member's information, the Western and Central Pacific Ocean produces 50% of the world catches for cannery processing. It is a market worth USD6 billion annually. From the USD6 billion world market, the PNA group receives less than 1% return. It is very obvious that Nauru and the PNA countries should seriously look at moving in the direction that FFA has championed for many years. These tuna resources are ours, and we should be the ones to benefit the most. With this JV we will take a big step in that direction, and I look forward to updating the House on this exciting project as it develops in the months ahead. Thank you.'*

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

## **Resumed.**

(o) Mr. Thoma (Aiwo) as Chairman of the Committee of Privileges made a statement on the progress of inquiry into the 'Alleged Breaches of Privilege & Contempt by the Hon. David Adeang, M.P.', which reads as under –

*'Mr. Speaker, I wish to update the House on the progress made by the Committee of Privileges on the inquiry into alleged breaches of privilege and contempt by the Hon. David Adeang, M.P., since the matters of alleged breaches of privilege and contempt were referred to the Committee in July 2008.*

*The Committee has held 12 meetings since the matters were referred to it in July and has made progress at each of these meetings towards establishing the relevant facts and the law and procedural rules that apply to the matters referred to it.*

*The Committee had sought written evidence from several people who witnessed the relevant events including police officers who were instructed by the Speaker to enter the Chamber to remove the suspended Member on two occasions, on 15 July and 17 July 2008. The Committee had also invited witnesses to appear before it and has received oral evidence from one police officer.*

*The Committee has also sought two legal opinions in relation to the matters referred to it and the proper mode of dealing with the alleged breaches of privilege and contempt. The Committee had*

also sought assistance from the staff of the House of Commons and the Australian House of Representatives.

*The Committee is now close to concluding its deliberations, Mr. Speaker, and I expect that the Committee will be able to present its report to Parliament at the December sitting of Parliament.*

*I am grateful for the efforts of the members of the Committee and the parliamentary secretariat for the work they have devoted to the Committee's inquiry especially the Committee's busy meeting schedule in recent weeks.*

*I look forward to presenting the Committee's conclusions and recommendations to this House in December 2008. Thank you Mr. Speaker.'*

## 8. **Motions**

His Excellency President Marcus Stephen moved that motion Nos. 1, 2, 3, 5, 6, 8, 9 and 10 on the notice paper be adjourned to the next sitting.

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

Question put and passed.

## 9. **Motion – Disaster Risk Management Bill 2008**

His Excellency President Marcus Stephen moved to present the Disaster Risk Management Bill 2008.

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

### **First Reading.**

The Bill was presented and read a first time.

## 10. **Motion – Second Reading**

His Excellency President Marcus Stephen moved that the Bill be now read a second time.

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

Second reading speech ensued.

Pursuant to S.O. 159 further debate on the second reading was adjourned to a future date.

## 11. **Motion**

Mr. Waqa (Boe) as Deputy Chairman of the Constitutional Review Committee moved to present the Constitution of Nauru (Parliamentary Amendments) Bill 2008.

**First Reading** - The Bill was presented and read a first time.

Pursuant to S.O. 158, motion for the Bill to be read a second time was adjourned to a future day.

## 12. **Motion**

Mr. Waqa (Boe) as Deputy Chairman of the Constitutional Review Committee moved to present the Constitution of Nauru (Referendum Amendments) Bill 2008.

**First Reading** – The Bill was presented and read a first time.

Pursuant to S.O. 158, motion for the Bill to be read a second time was adjourned to a future day.

## 13. **Leave Sought for**

Hon. Dr. Kieren Keke (Minister for Finance) sought leave of the House to move a motion.

His Excellency President Marcus Stephen seconded.



Leave was granted.

**14. Motion – Parliamentary Salaries & Allowances (Amendment) Bill 2008**

Hon. Dr. Kieren Keke (Minister for Finance) moved to present the Parliamentary Salaries and Allowances (Amendment) Bill 2008.

His Excellency President Marcus Stephen seconded.

**First Reading** - The Bill was presented and read a first time.

**15. Motion – Second Reading**

Hon. Dr. Kieren Keke (Minister for Finance) moved that the Bill be now read a second time.

His Excellency President Marcus Stephen seconded.

Second reading speech ensued.

(Pursuant to S.O. 159 further debate is adjourned to a future day.)

**16. Motion – Suspension of S.O. 159**

Hon. Dr. Kieren Keke (Minister for Finance) moved that Standing Order 159 be suspended to enable debate on the second reading to ensue forthwith.

His Excellency President Marcus Stephen seconded.

Question put and passed.

Debate ensued.

Question put and passed.

The Bill was read a second time.

**17. Leave Sought for**

Hon. Dr. Kieren Keke (Minister for Finance) sought leave to move a motion for the third reading of the Bill.

Leave was granted.

**18. Motion – Third Reading**

Hon. Dr. Kieren Keke (Minister for Finance) moved that the Bill be now read a third time.

His Excellency President Marcus Stephen seconded.

Question put and passed.

The Bill was read a third time.

**19. Motion**

Hon. Dr. Kieren Keke (Minister for Finance) moved a motion which reads as follows:-

*‘Whereas Getax Pacific Finance Company Ltd. (Samoa), a private finance company incorporated in Samoa has, with the approval of Cabinet, agreed to provide a 30-month amortising non-revolving cash advance facility of up to USD8.5 million to Yaren Aircraft Leasing Holding Corporation (a corporation established in Nauru and wholly owned by the Republic of Nauru) in accordance with the terms and conditions provided under the ‘Facility Agreement’ dated 31<sup>st</sup> October 2008;*

*The cash advance facility will enable Yaren Aircraft Leasing Holding Corporation to acquire a Boeing 737-300 aircraft, registration number VH-NLK and serial number 23635, together with two used CFM International Model CFM56-3B2 engines bearing manufacturer’s serial numbers 724565 and 725537 respectively, and all related parts, equipment, records, warranties and guaranties appurtenant thereto, from AWMS 1, a Delaware statutory trust, for a purchase price of*

USD6,450,000 as per the terms of the 'Purchase Agreement' dated 24 October 2008, as well as finance of associated transaction, legal, advisory, technical, ferry and registration costs associated with the acquisition of the aircraft;

The aircraft will thereupon be leased under the 'Aircraft Operating Lease' Agreement by Yaren Aircraft Leasing Holding Corporation to Nauru Air Corporation as operator to fulfil the air services contracted under the 'Aircraft Charter Agreement' dated 21 May 2008 between the Administration of Norfolk Island and Nauru Air Corporation;

In order to better secure the cash advance facility from Getax Pacific Finance Company Ltd., Samoa –

- (i) The Yaren Aircraft Leasing Holding Corporation will issue a fixed and floating charge over all of its assets, including the aircraft and its interest in the insurances of the aircraft, in favour of the Lender;
- (ii) The Republic of Nauru shall grant a share mortgage over the shares it holds in Yaren Aircraft Leasing Holding Corporation to secure payment of the secured money and performance of its obligations under the finance facility;
- (iii) The Republic of Nauru shall issue a guarantee over the Yaren Aircraft Leasing Holding Corporation's obligations to make payments under the financing arrangements;
- (iv) The Republic of Nauru Phosphate Corporation shall issue a guarantee over the Yaren Aircraft Leasing Holding Corporation's obligations to make payments under the financing arrangements;

Now Parliament in accordance with Section 8 of the Treasury Fund Protection Act 2004 approves –

1. The giving of the fixed and floating charge by Yaren Aircraft Leasing Holding Corporation to Getax Pacific Finance Company Ltd. (Samoa) for the purposes described above;
2. The giving of the mortgage by the Republic of Nauru over the shares it holds in Yaren Aircraft Leasing Holding Corporation to Getax Pacific Finance Company Ltd. (Samoa) for the purposes described above; and
3. The giving of the guarantees by the Republic of Nauru and the Republic of Nauru Phosphate Corporation over the obligations of Yaren Aircraft Leasing Holding Corporation under the 'Facility Agreement' with Getax Pacific Finance Company Ltd. (Samoa) for the purposes described above.'

His Excellency President Marcus Stephen seconded.

Debate ensued.

Question put and passed.

## **Order of the Day No. 1 – Shipping Bill 2008**

### **20. Motion**

Hon. Sprent Dabwido (Minister for Transport) moved that Order of the Day No. 1 be adjourned and made an Order of the Day at the next sitting.

Mr. Tabuna (Yaren) seconded.

Question put and passed.

### **21. Order of the Day No. 2 – Counter Terrorism & Transnational Organised Crime (Amendment) 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.

22. **Leave sought for**

Hon. Mathew Batsiua (Minister for Justice) sought leave of the House to move a motion to move for the third reading of the Bill.

His Excellency President Marcus Stephen seconded.

Leave was granted.

23. **Motion – Third Reading**

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

His Excellency President Marcus Stephen seconded.

Question put and passed.

The Bill was read a third time.

24. **Order of the Day No. 3 - Anti Money Laundering 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.

26. **Leave sought for**

Hon. Mathew Batsiua (Minister for Justice) sought leave of the House to move a motion to move for the third reading of the Bill.

Hon. Dr. Kieren Keke seconded.

Leave was granted.

27. **Motion – Third Reading**

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

Hon. Dr. Kieren Keke seconded.

Question put and passed.

The Bill was read a third time.

28. **Order of the Day No. 4 - Illicit Drugs Control (Amendment) Bill 2008**

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

Debate ensued.

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

**Resumed.**

29. **Motion of Amendment**

Hon. Mathew Batsiua (Minister for Justice) moved the following amendments:-

- *In Clause 1 a new subclause (3) be inserted as follows –  
'(3) The Notes that appear in this Act do not form part of this Act and do not constitute amendments to the principal Act, with the exception of the Notes to sections 4, 5, 7 and 18 of this Act.'*
- *In the Note at the end of clauses 4, 5, 7 and 18 immediately after the words 'Interpretation Act' insert 's.62(1) where a penalty is prescribed for an offence it shall mean that the offence shall be punishable by a penalty not exceeding the penalty prescribed, and under';*

- *In clause 8, subsection (1) of the proposed amendment to section 13, immediately before the word ‘entering’ the word ‘leaving’ be inserted;*
- *In clause 13, in the second last line of new subsection 4, the word ‘give’ be deleted;*
- *In clause 20, in the last line of proposed subsection 38(1), and in the first line of proposed subsection 38(2), and in the second last line of proposed subsection 38(3), an ‘s’ be added to the end of ‘Director of Public Prosecution’, and in subsection (b)(i) of proposed subsection 38(6) immediately after the word ‘subject’, the word ‘or’ be replaced with ‘of’;*
- *In clause 21, the single quotation mark at the beginning of the word ‘instrumentality’ be replaced with a double quotation mark; and that*
- *In clause 26, in Form 1 of the proposed schedule 4, immediately after the words ‘[Here insert the drugs’, the words ‘and quantity’ be inserted.*

Mr. Tabuna (Yaren) seconded.

Debate on the original question, as amended, continued.

Motion on the original question, as amended, was put and passed.

The Bill was read a second time.

#### 29. **Leave sought for**

Hon. Mathew Batsiua (Minister for Justice) sought leave of the House to move a motion for the third reading of the Bill.

Hon. Dr. Kieren Keke seconded.

Leave was granted.

#### 30. **Motion – Third Reading**

Hon. Mathew Batsiua (Minister for Justice) moved that the Bill, as amended, be now read a third time.

Hon. Dr. Kieren Keke seconded.

Question put and passed.

The Bill was read a third time.

#### 31. **Orders of the Day Nos. 5, 6 & 7 - Motion**

Mr. Dowiyogo (Ubenide), on behalf of Mr. Adeang (Ubenide), moved that Orders of the Day 5, 6 and 7 be adjourned and made Orders of the Day at the next sitting.

Mr. Waqa (Boe) seconded.

Question put and negatived.

Orders of the Day 5, 6 and 7 were therefore struck off the notice paper.

#### 32. **Order of the Day No. 8**

On the question that the statement made by Hon. Frederick Pitcher (Minister for CIE) on ‘RONPHOS Update’, be noted.

Debate ensued.

Question put and passed.

The paper was noted.

#### 33. **Order of the Day No. 9**

On the question that the statement made by Hon. Dr. Kieren Keke (Minister for Finance) on ‘Significant Updates Within the Department of Finance’, be noted.

Debate ensued.

Question put and passed.

The paper was noted.

**34. Order of the Day No. 10 - Motion**

Mr. Thoma (Aiwo) moved that Order of the Day No. 10 be removed from the notice paper.

Mr. Waqa (Boe) seconded.

Question put and passed.

Order of the Day No. 10 was therefore expunged from the notice paper.

**35. Order of the Day No. 11**

On the question that the statement made by Hon. Sprent Dabwido (Minister for Transport) on 'Nauru Air Corporation', be noted.

Debate ensued.

Question put and passed.

The paper was noted.

**36. House-keeping Matters**

(i) His Excellency President Marcus Stephen pointed out some minor errors in the Notice Paper No. 9, that wherever appearing the number 08/10/2008 it should be corrected to read 09/10/2008. Hon. Chair advised that this would be attended to.

(ii) Mr. Thoma (Aiwo) pointed out that the membership of the Select Committee on Inspector Corey Caleb, as listed in Votes & Proceedings No. 9 needs to be amended as he is listed as being a member. His name should be deleted and in its stead Mr. Rykers Solomon had been nominated. Hon. Chair advised that the necessary amendment will be made.

**36. 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.

**37. Adjournment**

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

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

Debate ensued.

Question put and passed.

And then the House at ten 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. Kun
- \* Mr. Amwano
- \*\* Mr. Adeang

John Garabwan  
**Deputy Clerk of Parliament**

- \* Leave of Absence
- \*\* Suspension

