

**Votes & Proceedings
of the
Sixteenth Parliament**

No. 40

**First Sitting of the Thirty-fourth Meeting
Saturday, 16th June 2007**

2.00 p.m.

1. The House met on Saturday, 16th June 2007 at 2.00 p.m. in accordance with the resolution made by the House on Tuesday, 5th June 2007.

2. The Hon. Valdon Dowiyogo, Speaker of Parliament, took the Chair and read Prayers.

3. **Letter of Recommendation**

The Speaker read to Members the letter of recommendation which he had received from His Excellency President Ludwig Scotty as under:-

“Dear Speaker,

Letter for Introduction of a Supply Bill

Under Article 61(1) of the Constitution, if the appropriation law in respect of a financial year has not received the certificate of the Speaker under Article 47 on or before the twenty-first day before the commencement of that financial year, the Cabinet may recommend to Parliament a proposed law authorising the withdrawal of monies from the Treasury Fund for the purposes of meeting expenditure necessary to carry on the services of the Republic of Nauru after the commencement of that financial year until the expiration of three months or the coming into operation of the appropriation law, whichever is the earlier.

Under Article 61(2), a recommendation by the Cabinet under clause (1) shall be delivered to the Speaker not later than the fourteenth day before the commencement of the financial year and the Speaker shall, on receiving the recommendation, lay it before Parliament as soon as possible.

In accordance with Article 61, I hereby notify you that Cabinet has agreed to recommend to Parliament such a law and, as set out in sub-clause (2), request you to lay this recommendation before Parliament as soon as practicable.

I note that the Government fully expects that the Appropriation Bill 2007-08 will receive the certificate of the Speaker before 30 June 2007 and that the recommendation for a Supply Bill is a precautionary measure only.

(Signed) Ludwig D. Scotty, President.”

4. **Statement from the Chair**

The Speaker made the following statement to the House:-

“Hon. Members, before we proceed with our normal business of the day, I wish to present to this august House, the report of the Nauru Constitutional Convention 2007.

It is obligatory on my part to table this report in terms of my duties spelt out under Section 15(1) of the Constitutional Convention Act 2007.

In this regard, I have received a letter from the Chairman of the Convention, Mr. Remy Namaduk, which reads as under:-

‘Hon. Speaker,

Please find attached herewith the Report of the Nauru Constitutional Convention 2007, duly signed by the Convention members.

Keeping in view the conventions, in this regard, and also keeping in view the wishes of the Members, I kindly request you to table the same in Parliament at its ensuing sitting.

With kind regards,

Yours sincerely, (signed) Mr. Remy Namaduk, Chairman'

Hon. Members, I also take this opportunity to acknowledge the hard work done by all the Convention representatives and the Secretariat in completing its task within the time frame. Thank you."

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

6. **Leave of Absence**

Hon. David Adeang (Minister for Finance) sought leave of absence for Hon. Dr. Kieren Keke (Minister for Health), Hon. Baron Waqa (Minister for Education) and Hon. Riddell Akua (Anabar/Ijuw/Anibare). Leave was granted.

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

Resumed.

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

(i) The Hon. Roland Kun (Minister for NPRT) made a statement to the House on the following:-

"Mr. Speaker, the Trust has recently received advice concerning the value of the residual funds held by the receivers and manager amounted to \$68.8m. Specifically, these funds are held by the Receivers and Managers on the following basis:

<i>Mercure Hotel (NPRT)</i>	<i>\$1,501,888.45</i>
<i>Royal Randwick Shopping Centre</i>	<i>\$2,071,941.94</i>
<i>Downtowner Hotel</i>	<i>\$1,039,109.78</i>
<i>Savoy Park Plaza</i>	<i>\$1,144,640.73</i>
<i>Nauru House</i>	<i>\$63,099,662.19</i>
<i>Total</i>	<i>\$68,857,243.09</i>

Members should note that the breakdown provided by the receivers and managers does not represent the basis of the respective entities' entitlements. The basis of the allocation needs to be reviewed by the Trust in order to determine if the residual accurately reflects the balance of funds derived from the sale of the properties. Once this has been satisfactorily determined, the residual funds held on behalf of a particular property needs to be reviewed against other competing entitlements. In the case of NPRT, loans repayable by Randwick Nominees and the Nauru Superannuation Board may significantly reduce the final entitlement payable to the respective organisations concerned.

The Trust continues to work with its taxation advisors in regard to complying with the corporation's taxation requirements as identified by the Australian Taxation Office. All entities, except for the Central Pacific Downtowner Pty. Ltd., have complied with Part I on the compliance program, that is submitted returns up to and including the 30th March 2004. All entities, save for Central Pacific Downtowner Pty. Ltd, are currently engaged in satisfying Parts II and III of the ATO's requirements, namely submitting taxation returns on behalf of the entities reflecting the commercial operations of the business' whilst under the control of the Receivers and Managers (Part II), as well as the ultimate sale of the business (Part III). Due largely to the fact that the sole source of the information required for our taxation advisors to complete required returns are the Receivers and Managers, NPRT, at this time, is still unable to provide an accurate time-line for the completion of the work. NPRT continues to have

discussions with the Receivers and Managers with the endeavour to improve time-lines of the release of information. I will continue to update the House on any developments in this regard.

I should inform the House that the option of allowing the Receivers and Managers to prepare the tax returns was not adopted by NPRT on the basis that the Receivers and Managers have shown an unwillingness to abide by the tax positions adopted by the entities in regards to sovereign immunity exemptions. I advise this House that ATO has in the past rejected PPB's submitted view that the tax position of Fund two did not enjoy sovereign immunity and was taxable.

I further inform this august House that the receivers and managers have previously stated, apart from release from the ATO, their resignation is dependent upon ensuring no ongoing litigation involving the receivers and managers exists.

I will endeavour to keep this House updated with any future developments in regards to the NPRT."

Mr. Buramen (Ewa/Anetan) moved that the paper be noted.

(ii) The Hon. David Adeang (Minister for Finance) made a statement to the House on Inter-subhead transfers 2006-07 as under:-

"Mr. Speaker and honourable colleagues, today I present to Parliament the document recording inter subhead transfers agreed since my last statement, relating to the 2006-7 Budget.

The Appropriation Act 2006-2007, section 4(2) & (3) states that Cabinet may direct that a surplus of funding provided under one subhead may be applied to another subhead within the same head of expenditure. The Act requires Cabinet to lay before Parliament a copy of the order of the transfer at the first meeting of the Parliament after approving the transfer.

This document I present to Parliament today meets the requirements under the Act and has received the agreement of Cabinet for the purpose of accounting for anticipated actual expenditure during 2006-07.

All subhead transfers in 2006-07 have been accommodated within under-spends from other subheads from within the same head.

Summary of Inter-subhead Transfers

Increases

Head	Agency	Subhead No.	Item	Increase (\$)
01	Chief Secretary	317	House Rental	3,200
01	Chief Secretary	354	Repairs & M'tenance	4,000
04	Police & Prisons	205	Expatriate Salaries	650
09	Lands & Survey	301	Printing & Stationery	700
09	Lands & Survey	325	Consultants Fees	1,572
09	Lands & Survey	502	Plant & Equipment	5,400
22	Department of Audit	205	Expatriate Salaries	7,900
25	Media Bureau	301	Printing & Stationery	500
31	President	270	Entertainment	4,316
49	Sports	502	Plant & Equipment	1,174
			Total	\$28,912

Decreases

Head	Agency	Subhead	Item	Decrease
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		No.		(\$)
01	Chief Secretary	359	Electricity	3,200
01	Chief Secretary	502	Plant & Equipment	4,000
04	Police & Prisons	371	Rations-Hospitals, jails	650
09	Lands & Survey	303	Land Rentals	7,672
22	Department of Audit	202	Salaries – Local	1,450
22	Department of Audit	302	Office Rental	6,450
25	Media Bureau	311	R. & M. – Equip.	500
31	Presidency	423	Official Celebrations	3,316
31	Presidency	305	Telephone & Fax	1,000
49	Sports	302	Office Rental	1,174
			Total	\$28,912

(iii) The Hon. Roland Kun (Minister for NFMRA) made a statement to the House on the following:-
“Mr. Speaker, I wish to appraise this august House of developments within the Fisheries Sector.

Over the life of the current government, Nauru Fisheries & Marine Resources Authority has been called on to realise some changes in its budgeting regime and to undertake some rationalisation in its operations with the objective of increasing the portion of Nauru’s revenue from fisheries accessible to the national budget. The government has succeeded greatly with this objective, stabilising NFMRA’S annual budget outgoings and achieving a constant growth in the fisheries contribution to the national budget over its term.

But with the achievement of this objective comes the growing need to strengthen the operations of NFMRA and ensure that their contracting operational budget does not translate to contractions also in their output.

At the end of last year, the then Minister initiated a study into institutional strengthening requirements of the Nauru Fisheries & Marine Resources Authority. The study was made possible through the assistance of the Pacific Islands Forum Fisheries Agency (FFA).

The final report which is also a feasibility and design document that may be offered to donors was received this week. The study seeks to identify the gaps in the overall operations of the NFMRA and goes on to suggest ways of addressing these issues. The initial impetus of the study was the lack of capacity within the Authority to address the issue of the Vessel Day Scheme (VDS). It has now evolved into a comprehensive institutional strengthening program.

The VDS is a management measure to replace the current management arrangement that caps the number of vessels allowed to fish in the region. The VDS is a management regime that has been adopted by the region to meet international obligations in conserving tuna resources. Therefore, the VDS focuses on limiting fishing effort through the capping of days fished in the region. In the last few months the NFMRA has been working diligently on the application of the VDS. They have been working closely with the FFA and other FFA member countries on this matter.

The main challenge facing the implementation and application of the VDS are the communication constraints on the NFMRA and the nation as a whole. However, government and the NFMRA are working together to address this challenge.

The objective of the NFMRA, in terms of applying the VDS, is to realise an increase in returns for our tuna resources. The NFMRA has, with the assistance of regional organisations, established a justifiable strategy with options to pursue this objective.

I also wish to provide some information on one of NFMRA’s major running projects, the development of commercial fisheries on Nauru.

The NFMRA is sponsoring a comprehensive commercial fisheries development program within the auspices of the Nauru Fisheries Trading Corporation (NFTC). This sponsorship will entail financial and technical assistance.

The US Multilateral Treaty Project Development Fund (PDF) will be accessed to finance the development program. Your government is also working with Taiwan on a proposal to Taiwan to provide support through the procurement of infrastructure which will support this development program. The procurement of infrastructure will be based on an audit of Nauru's needs in this regard which we hope to be completed within the next few months.

The NFMRA has already commenced discussions with various regional organisations and bilateral partners to assist with developing the technical aspects of the development program.

Challenges

With all new ventures, there are certain challenges that need to be overcome – specifically, national infrastructure support and services delivery including electricity, water supply, transportation, port facilities and so forth.

The program will address the development of human resources capacity in commercial fishing skills, further market development and overall infrastructure development. The program will also focus on developing a comprehensive database to influence decisions for the sustainable development and management of the commercial activities of the NFTC.

The commercial fisheries development program may be considered as a 'medium' term program. Expectations must be maintained in this regard and that the expected benefits will not be realised overnight but, surely, will be realised given time."

(iv) The Hon. David Adeang (Minister for Foreign Affairs) made a statement to the House as under:-

"Mr. Speaker and Honourable Members, I wish to take this opportunity to advise the House that following a request from the Department of Foreign Affairs, SOPAC is funding Pacific Islands Energy Policy and Strategic Action Planning (PIEPSAP) to provide Nauru with support in developing a National Energy Policy Frame-work.

*PIEPSAP will work with a local task force, (comprised of representatives from Utilities, Finance Department and the Department of Commerce, Industry and Resources) to develop this frame-work that is expected to pull together the government's existing Utilities Reform Strategy and the work contained within the report out of our UN Mission entitled '**Moving Towards Energy Security – Renewable Energy and Energy Conservation Strategies and Policy Recommendations for the Republic of Nauru**'.*

As part of its work, PIEPSAP will also assist in establishing consultation with all relevant stakeholders in public and private sectors and civil society groups to ensure the development of a comprehensive policy frame-work, assist the government to access additional funding for the implementation of energy policies and provide training to local personnel responsible for energy planning in Nauru and in energy policy formulation.

A representative from PIEPSAP visited Nauru this week to commence consultations with relevant government departments and agencies and I have been advised that a draft National Energy Policy Frame-work is targeted to be ready by November this year.

*I would like to remind the House that the development of the National Energy Policy Frame-work is part of the government's strategy to fulfil the second NSDS goal of '**provision of enhanced social, infrastructure and utilities services**'.*

8. Motion – Appropriation Bill 2007-2008

The Hon. David Adeang (Minister for Finance) moved to present the Appropriation Bill 2007-2008.

The Hon. Roland Kun (Minister for Justice) seconded.

First Reading

The Bill was presented and read a first time.

9. **Motion – Second Reading**

The Hon. David Adeang (Minister for Finance) moved that the Bill be now read a second time.

The Hon. Roland Kun (Minister for Justice) seconded.

Second reading speech ensued.

Under S.O. 159, further debate on the Bill was adjourned to a future date.

10. **Leave Sought for**

The Hon. Frederick Pitcher (Minister for CIR) sought leave of the House to move a motion.

Leave was granted.

11. **Motion – Accommodation Registration (Amendment) Bill 2007**

The Hon. Frederick Pitcher (Minister for CIR) moved to present the Accommodation Registration (Amendment) Bill 2007.

The Hon. David Adeang (Minister for Finance) seconded.

First Reading

The Bill was presented and read a first time.

12. **Motion – Second Reading**

The Hon. Frederick Pitcher (Minister for CIR) moved that the Bill be now read a second time.

The Hon. David Adeang (Minister for Finance) seconded.

Second reading speech ensued.

Under S.O. 159, further debate on the Bill was adjourned to a future date.

13. **Leave Sought for**

The Hon. David Adeang (Minister for Finance) sought leave of the House to move a motion.

Leave was granted.

14. **Motion – Customs Tariff (Amendment) Bill 2007**

The Hon. David Adeang (Minister for Finance) moved to present the Customs Tariff (Amendment) Bill 2007.

The Hon. Frederick Pitcher (Minister for CIR) seconded.

First Reading

The Bill was presented and read a first time.

15. **Motion – Second Reading**

The Hon. David Adeang (Minister for Finance) moved that the Bill be now read a second time.

The Hon. Frederick Pitcher (Minister for CIR) seconded.

Second reading speech ensued.

Under S.O. 159, further debate on the Bill was adjourned to a future date.

16. **Motion Fixing the Date and Time for the Next Sitting**

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

The Hon. David Adeang (Minister for Finance) seconded.

Question put and passed.

17. **Adjournment**

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

The Hon. David Adeang (Minister for Finance) seconded.

Question put and passed.

And then the House at fifty minutes past nine 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:-

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|---|----------------------|--------------|
| * | Hon. Dr. Kieren Keke | Mr. Stephen |
| * | Hon. Baron Waqa | Mr. Jeremiah |
| * | Mr. Akua | |

John Garabwan
Deputy Clerk

* Leave of Absence