

**PARLIAMENT OF NAURU**  
**DRAFT HANSARD**  
**Sixteenth Parliament**  
**First Sitting of the Thirty-Fourth Meeting**  
**Saturday, 16<sup>th</sup> June 2007**

**Mr. Speaker, Hon. Valdon Dowiyogo, M.P., took the Chair and read Prayers.**

**Mr. Speaker:** Honourable Members, before we proceed I wish to announce that today I received a letter from His Excellency the President which I will read out to Honourable Members.

*'16th June 2007*

*Hon. Valdon Dowiyogo, M.P.,  
 Speaker Parliament of Nauru,  
 Parliament House*

*"Dear Speaker,*

*Subject: 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."*

Honourable Members, I have another statement I wish to make. 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 follows:-

*'1st June 2007*

*Hon. Valdon Dowiyogo, M.P.,  
 Speaker of Parliament,  
 Parliament House,  
 Nauru*

*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. I would also like to take this opportunity to thank the legal representative, Ms. Katy LeRoy. Thank you Members.

Members, we will now commence with our normal business of the day.

**Messages from the President**

## PETITIONS

Saturday, 16th June 2007

PARLIAMENT OF NAURU

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**Mr. Speaker:** Are there any messages from the President?

**Mr. Clerk:** No!

## PETITIONS

**Mr. Speaker:** Are there any petitions?

**Mr. Clerk:** No, Mr. Speaker.

## NOTICES OF MOTION

**Mr. Speaker:** Are there any notices of motions?

**Mr. Clerk:** None, Mr. Speaker.

## QUESTIONS ON NOTICE

**Mr. Speaker:** Are there any questions on notice?

**Mr. Clerk:** None, Mr. Speaker.

## QUESTIONS WITHOUT NOTICE

**Mr. Speaker:** Are there any questions without notice?

**Mr. Ribauw (Ubenide):** Mr. Speaker, tubwa.

Ngea wanga question ateng direct eiya amea Minister for Health me a eo ied ian won tebar me eiki bed iya tik Naoero oa mago. Ogen anan ta pose eiy ngea wanga question me tobeiy ngana amea acting nan gona oneiy. Mr. Speaker, inen me etongin bitune eoning egadame me ro kongame bwe anim odon iat Parliament aurur kongong towe ngaiurur ion ngune oaron an obweni Speaker, me gaturae atsin ngago pudu, eo mo an yeyi. Abidu tube ian anoron bwe enim gona yeyi. Ur oiyame bed debuch inon ngana wot edogor, aeo aea recommend eiy bwe enim refer eiy ur eadu mago bwe enim iwidoduwa bita ngaiurur bwain ngago last year October. Me ur tik oiyame bed document eran, wanganar dereta ea degaradea Health kongong updates dogin bita ngaiurur; me moreover ian murana recommendation atsin turin amea then doctor, Dr. Lamoia Hanso, amebuna bed amen Taiwan od ne ura bed me recommend eiy bita eoning bwe enim onuwaiw mago.

Speaker, gaiten raquo ngune bwain October last year. Wangar dereta seeking clarification atsin turin eita degaradea bwain ngago April 2nd me ang tiken ian June me ngea eoning oaron an obweni me orin egada oiyu kilo roein bwe eo mo an yeyi, ouwak won complications. Miow bed ngea eita inen bita eoning tsinia oyeyi ngain dogin bwe teiy daein an eata, me ngaga bed arowonga bita tokit specialist ngago ian March ouge aen amea specialist gona in yeyi, magen. Eo oereri me eo ouge me ougo. Anga eduwa an roe me miow ngarumene parents bwe gaiten raquo me ekeow oneiyen.

Ngea aeo kudo, inga angogen bitune eoning iya Minister oa acting Minister tsied, me tsinia ogiten od ean mungana deden medenan bwe enim riring, ngea enim refer eiy atsin turit dogida me amebuna specialists, ada ekae ngune bitune eoning after almost a year etsiok bed nuwaw? Me garon kor, plain and simple, ngana enim iwidoduwa ngune bitune eoning. Tsinia wo eo yeyi, Speaker, ata memak an tsied aiqen medenan tsinia ang eo gona yeyi. Akonga amea Minister tsinia gona oneiy bitune aeo kudo eow turin bitune amen bwini. Tubwa.

**Mr. Speaker:** Minister for Justice, I assume eiy ngana awe ngea Minister for Health.

**Mr. R. Kun (Minister for Justice-Buada):** That is correct, anga ngea acting Minister for Health.

I have noted all the details provided by amea Member me anan kongga after bitune sitting or even during this sitting to give further details dogin bwe anan eiki status ngabuna engame bwe anga eiki iyen. So anan kongga amea Member tsinia gona provide eiy me anan follow up eiy.

**Mr. Batsiua (Boe):** Ateng bed kudoiy amea acting Minister for Health, iya eiy tsied tsinia tsimine won health department policy bwe enim offer eiya refresher courses amebuna wangara nurses gaiten raquo. Oudo ngune bitune Speaker dogin bwe tsimine aeo kwad iat earak tik ngage, wawad ngamen wanga tekawa ngabuna arak me yurung me tsimine incident ion arowonga me gain concern eiyo. Ngune bitune incident towe makurin ben mibuna nurses gaiten

raquo, nungi tsiminen aura gaiten meyion wangara procedure ngana towe won hygiene me care patients ian earak.

Ngea won complaint mibuna ngamen wanga tekawa ngabuna anga ied men, ura ouge bwe ngabuna nurses tsimeduw gain tsimine aura tsitsied eken dogorit emakur mimin, kaia dogin bwe ongaun eat training mungana fresh. Me ura ouge ngana ngabuna gaiten raquo na gaiten tsimine aura kwokwota. Ngune incident anga note eiy Speaker me ateng bed bring eiy won attention amea Minister, won bwait drip amea patient stick eiy ea mattress me og me rodain bwe enim amweduw won drip. Ouge anga kaia need eiyin refresher course ngabuna gain raquo na, me ateng oudon amea Minister if he is aware of it me tsinia eiy tsied iya tsimine wangara policy iyat earak ngea ura enim offer eiy refresher training. Ura enim ta mwaiya won training ngabuna tsimeduw bwe kaia ura nim tik retrain eiyin bed mibuna gaiten raquo.

**Mr. R. Kun (Minister for Justice-Buada):** Ngea wanga understanding on bitune question towe training iat health, ngea eita Director of Health eita base na iat earak eiy bed ngea wangara educator me she has a training program bwe enim train eiy memak health staff including mibuna in nursing. Ngea bita wangara program ura train eiy mibuna new staff me ura upgrade eiy won skills mibuna old staff. Ngune bitune won concern amune Member, I have noted it me it will be passed on to the health department.

**Mr. Ribauw (Ubenide):** Tubwa Speaker, me anga atik question eiy bed amea acting Minister for Health. Note eiy bita an kongong me anan oiya bed ngarane wanga debuch. Ngune wanga question ngage animen eiy nan familiar with, aeo tsied anga mibuna amen bwien bitune engame mibuna bed former patient iat earak me nungi enim tik metu bwe need eiy bwe enim tik iwidoduwa. Speaker, escape eiyo won first name ngea engame, ameyioten won first name bita dorerin Naoero ngea anga mwana me atsied me amea Star.

Aeo tsied anga eita agen ogiten bed egada amune Minister, amune acting ngage, kudoiy angogen amea agen iya tsimine oa iok iwidoduwaen bwe enim otow mago. Bwe ogiten egada kor no magin yong, eo goeow egada won death-bed amune eoning me recover en, me ngea aeo kudo bwe amen bwien kongame bwe anim oudo iya inga iyu riringen, oa enim tik redoangin bitune earak ngune eo goeow gaturae ean. Amune eoning ne iruruta Speaker, Star won surname, iya amune Minister tsied me eimwi bwe eiy nim tsied tsinia eimwi ngana mungana information egadame eitune agen dorera kor bed ngune amune acting Minister.

**Mr. Kun (Minister for Justice-Buada):** Bitune won question amune Member bita original question ngea eiy nim ogaro in ngamen oa ekae kor ngune? Ekae ngune?

Ekeow etsiok bed egadame amen bwien me adamonin aeo kaiot angogen, me mo iya enim omeatu memak mungana details of mibuna engame bwe enim follow it up with the appropriate department.

**Mr. Adam (Buada):** Tubwa Mr. Speaker.

Ngaga ang tik ean amune acting Minister for Health ateng oudon, tsimine eye specialist ion orre me ouge bwe enim oaro week, me ouge bed ngana eo gona kor ebwakit dei Naoero ngabuna need eiy kor won service eitune dogida me cut eiyin short won visit by a week me nungi inan miss out en amen bwieta. Ateng oudon amune Minister ada ekae eitune cut short eiy won visit me inan tik redo iyed. Tubwa.

**Mr. Kun (Minister for Justice-Buada):** Unfortunately a eab gona provide eiy an answer to that question right now, I will need to check me tsinia a gona bita answer during the sitting I will provide the answer directly to the Member or they can repose their question at the next sitting and I will stand ready to provide an answer for them then.

**Mr. Dabwido (Meneng):** Tubwa Speaker me ateng direct eiy wanga question to the Minister for Foreign Affairs. Ateng kudoiy tsimine an warwar refugee ngago a few days back, tsimine aura ake. Tsimine aura omeata violence, tsimine aura ira on tubura dibidi, edabwike me ngabuna engame mibuna oreita kor dugidugo ean wora streets ngage. How safe are our streets with these people? Anga ogiten raise eiy ngago amo, violent won nature ngabune amebune deo ura refugee me ngage metan ngana earura. Tsimine report, tsimine aura omeata indecent exposure ian wama tekawa, tsimine aura drunk iat public me ngune kaiotin ngage tsimine aura sexual harassment ea eoning. Refugees ngabune ouge aura makur, ngea ngea ateng kudoiy amea Minister for Foreign Affairs, mungane ear ura oreita omeata ouge anga gona eab raquo tsimorura atonin wangara camp ngabune engame tsinia touge aura makur. Tsinia ura mwamwaneiy eoning, ura drunk in public, abusive wangara nature how effective ngune bitune open camp? How safe are the kids on our streets?

Anga ogiten pan ngago amo, baka won nature ngabune engame ngage me metan ngane mungane won complaints ngamen wama tekawa ngage. Ateng kongga eken angogen ngea bita won open camp policy, jeopardise eiy oa iok tsimorit dei Naoero? Eken iyu riringen ngune bitune imin ouge? Eiy gona oa iok confirm eiy ngana violent won nature ngabune engame ngage, ura orin rangadan ita ura akea ura, me animen deo adamonin, nungi ebwaken. Me ngabune engame amebuna oreit meta me dugidugo aton, eken odug ura iya ura nim ira tubun ngabuna ngaita? Tubwa.

**Mr. Adeang (Minister for Foreign Affairs-Ubenide):** Mr. Speaker, ngea ikudo na eken moun bitune open

camp policy; ngea ikudo ion anga aeo kaiot eken ngana mungana risks pose eiya ngamen bwieta ngaga ma continue to exercise eiy bitune open camp policy. Ouge bwe ngune bitune open camp policy eiy be en bitune ata kewina Australia dogin ata nim host eiy camp ion ngea tsimine woun ian meora me ouge bed ama babiyi tsimine woun ian meta dogin bwe tsimine won benefits ea gata me ata ngame dogin mungana emakur create eiy me mungana services create eiy me oaoio dogin onuawen bita camp. Tsied ngana inan ouwak an onungon dogin bwe meg na ngea bita camp, oa meg na ngabuna refugees ngabuna ninety ebwakura me ateng assure eiy ngana deo iya ma meyion won circumstance bita camp ngaga meg ian Meneng, eo iya ma meyion bed wama responsibility bed ea ngamet tekawa ngana atonin Meneng. Ngaga ouga Mr. Speaker, ma instruct eiyin amebuna wama officials ngago nene oa ngabumino ita iruwin ama gona wama briefing ean bita alleged incident meta ngago weekend, refugee ion towe eoning, me shortly thereafter kaia about two days later egada in gama edorer ngana tsimine eake meta ian bita camp inimagen amebuna refugee ongaun Sri Lanka ita ura akea ura.

Mr. Speaker, ma revoke eiyin won open camp privilege amea refugee alleged involved ian bita towe en bita eoning ngago weekend, ma revoke eiyin won open camp privilege ngea me murowa group ake iat camp ma revoke eiy bed wangara open camp privileges, both sides of bita melee meta na. Amebuna, ouge ea gama, ngana ro kwad epoa weapon me ura ngabuna une, bwe dogin ma ied ngana bita group played victim tsimine bed aura tax eiy wangara system ngaga ura embellish eiy bita incident meta. Tekeiy, for example, aiquet engame pan ngana oango ebwakin baruen me ngabuna baruen ura tebab edabwike me dibidi me ura ogoge me ngaga dogida aea ita aiquen ngea unen ean raman, ta kor egitow me ma ied ngana bita won statement amea me bita fact eo arowong. Me ouge tsimine aura kabung ngabuna amebuna amen Sri Lanka, me ma ouge ngana enim tsimine message egada ura bwe ura enim eo take for granted bita open camp privilege, ura nim think twice tsinia ura nim kwunongog, me ura nim think twice tsinia ura enim ouwakida angoget imit inon ngana gona bed eko imin ean.

At the same time, ma encourage eiyin Australia me IOM bwe ura nim kamarar me ouwakida eken wangara involvement, amebuna bed wora buritiman bita wora Nauru Police Force, eow ean aura ranga security no eat camp oe me enim pass on eiy bed training atsin turin amebuna Australian Federal Police ngabuna ranga security na, ura nim pass on eiy bed wangara skills through training ea amebuna ran wora buritiman me encourage eiy bed IOM bwe ura nim orida oa oebwakida bed eken amebuna community relations officers ngabuna IOM omakur ura iat tekawa and/or enim attach eiy, I think they used to call them life-guards, life-guards ea mibuna group of refugees meta me dugidugo iat tekawa.

A eo gona report ea gamie at this time eken progress made dogin bwe ngane mungane edorer orin kor araiy kaia a couple of days ago me etsiok bed meta anogen. Ura oreit discuss eiy bed bwe ura nim aea moun me bakan me resource eiyen dogin bwe ura nim aea iya ura gona onuwaiw mungana ama kongong dogin bwe ang nim gona maintain eiy open camp privileges ea amebuna eratequo oreit meg iat camp without placing undue risk ean ngamen bwieta.

I hope eiy ngana satisfy eiyin amea Member for Meneng ngana ma eo meyion won concern ngamen won tekawa me of course won concern bed ngamen mungana tekawa aton. We are doing everything we can dogin bwe ma eo teng tsimwa kor mungana wangara open camp privileges. Ma ouge tsinia select few ngabuna abuse eiy mungana wangara privileges eimwi bwe enim tsimwa ura for the time being me ma nan revisit eiy eat edae ion me ea ebwakin bita population na ma teng maintain eiy, but course ma nim quoquon me mitigate eiy mungana risks eow ean ngana measures ogiten air eiy eow ean ebwakidaen eken amebuna dei Naoero. Anan report to the House in due course tsinia tsimine developments in this regard. Tubwa.

**Mr. Dabwido (Meneng):** Tubwa Speaker.

Eo garo bita won answer. Ngabune amebune orin rangadan ira tubut engame ura gona tik meta ngage yaran? Ura gona tik open camp? Eden ngabuna engame ma oreit ied iruwin ama wak, eken ngea ma gona riringa ngabuna? Wo oudon, ada ngane iruwin ama wak, ekeow bwe aea mone magum kauwe, me ngabune ngabune oreit onoka engame. Eken ngea eiy oreit pan, ura gona meta yaran? Eo garoame ngea won answer, amebune orin rangadan violence, orin rangadan ira tubut engame ura gona oa iok tik meta yaran?

**Mr. Adeang (Minister for Foreign Affairs-Ubenide):** Mr. Speaker, one word no, ura eo gona. Ita kor wama discretion ngea, wama dogor revoke eiyin bita wangara open camp privilege. Buritiman me justice advise eiy gama ngana in terms of pressing charges ma eo gona bwe amebuna supposed victims ura withdraw eiyin ngana mungana charges me both sides of the melee ura taineiyit debuch eran bwe ura commit eiy ura ngana ura eab gauweiy kwunongog. Ogen ngaga bed ouga we took it upon ourselves bwe ma nim withdraw eiy won open camp privileges mibuna, twenty one ebwakura, twenty one. Twenty one bwe ouge oango ebwakin ngabuna epoduwa ura me ngabuna amen epodu fifteen ebwakura. All twenty one ma revoke eiyin wangara open camp privileges. Ngabuna ngabuna eo gona dugidugo atonit camp until such time edogor reconsider eiy wangara visa conditions. On top of amebune twenty one ma revoke eiy bed won open camp privilege amea alleged towe bita eoning ngago weekend, so that makes it twenty two.

Note eiy bed ngana ngabune twenty two atsin ean aiquet particular group, amebuna gor imur amebuna Sri Lanka, deo amebuna dei-Burma. Gona tsimine an iduwen ngana ekae aura nuwaw ngabuna Sri Lanka compared ea amebuna dei-Burma me we are keeping a close on them me tsinia tsimine mungana community complaints towe an

memori other Sri Lankans, ma kaiot with facts me evidence dogin bwe ma gona bed tik revisit eiy won visa conditions ngabuna oa attach eiy other conditions in order to keep the open camp privileges. Ngane ngane ma oreit suggest eiya Australia me IOM ngage, tsinia mwa teng maintain eiy open camp privilege enim tsimine riringen me ngea wama suggestion enim ebwak eket engame mibuna oreit eke life-guards bwe enim attach eiya ura me edegeri ura me ta anangamaiy ura me ensure ura eo oturaiy ekewin inimagen ngamen bita camp me ngamen mungana tekawa ura metu ian. Tubwa.

**Mr. Ribauw (Ubenide):** Tubwa Speaker, anga teng ta follow up eiy eken bita won question amune wanga colleague ne iruru. Engame bed tik kongame bwe anim oudo ine iat Parliament angogen mibune refugee towe ngait dei Naoero me charge eiyoten eiki iya attempted rape ngea charge egadame. Ateng kudoiy amune Minister, eiki iya appropriate ngea wanga Minister me anan od turin amea Foreign Affairs amo. Eken riringen amune refugee accuse eiy of rape eiyen ngait dei Naoero, ro otow oa iok ian buritiman, ura totu oa iok iat karabutsi, is he liable iya enim charge eiy under Nauruan laws oa ekeow. Criminal charge eiy oa iok amune, oa metu inimagen mungana wangara under the MOU ngana eo towe ura ngana mungana imin.

Ouge anga inan iduwen an miow ngabuna engame me an concern bed amune wanga colleague ne iruru iya ura gona meta aton me ita buriora imin ro riring me nungi ngea kaduwaiyora a slap on the wrist bwe ura eo gona meta aton. Ngea ngea adamonit ikudo, Mr. Speaker.

Ngea karuworit ikudo ada ekae bwe ouga ebwakin ngabuna engame ekae aura makur, twenty one plus amune aiqwen towe ngait dei Naoero, me ada eo tsimadu memak ngea open camp policy until ura memak ro nan iwidodu me ied ngana baka ngana mungana aura makur. Ada ekae bwe ta bwaida ngabuna ibun, oa ang only iwidodu ura iya ro riring imin baka, which will be upon dei Naoero? Enim suffer amo dei Naoero me ang nan iwidodun? Ada eo eworit daein tsimwa en memak ngabune, eab oaio eken ngea message iya ouga, Mr. Speaker? Ta ngarowa ngarowa wanga Speaker, tubwa.

**Mr. Adeang (Minister for Foreign Affairs-Ubenide):** Tubwa Mr. Speaker.

Amea ouge bwe towe bita eoning ngago weekend, ouge aeo tsied bwe buritiman tsied angogen me ura oreit investigate eiy, me beyond that animen will be beyond my purview as Foreign Minister. Ngea anga gona riring anga, insofar as towe mungana wama understanding inimagem dogorin Naoero me dogorin Australia anga gona revoke eiy oa iwiwud wangara visa conditions. Ngana mungana towe justice enim nanga Justice ngana bwe eo kor toweo.

Me ateng ogaro Mr. Speaker ngana ekeow imin iat MOU tsinia totu mibune refugees above the law. Ngago ura orre they are subject to Nauruan laws tekeiy awe me anga tekeiy engame memak ian Naoero. Ngabuna refugees ekeow wangara special status in fact ian beta ngea bita lock up eiyora oa bwaida eora iat camp. So perhaps they don't enjoy the same privileges as awe me anga. Ouge aeo tsied ngana mungana investigate eiyen amea ongoing, inan ian ben bita alleged victim iya enim withdraw or continue with the charges.

Bitu ikudo ion, ada ma eo tsimwa memak wangara privileges, ma ied ngana nungi ma nan victimise eiyen memak the rest of the group that makes up the ninety people na iat camp. Eiki iya inan eiy imin mo tsinia ma nim tsimwa memak wangara open camp privileges tsinia ang tsied ngana inan tsimine bed employment issues ngana inan towe amen bwieta iat tekawa. Eiki iya inan eiy imin mo, me eiki bed iya inan eiy imin mo tsinia ang presume eiyin guilty ura ngabuna etsiok bed pwer aura nuwaw. Ma tsied ngana ngabuna twenty two ma revoke eiy wangara open camp privileges, tsimine aura involve iat imin. Ngea ngea oiya in gama engon bema bwe ma nim revoke eiy mungana privilege ngana ma ouge tsimine woun ea ura me ura nim eo take it for granted. Tsinia there is a strong case bwe enim revoke eiy memak mungana won open camp privileges amebuna. I think Members enim make a case bed based on facts and evidence and not on presumptions, ngea ngea wanga suggestion, Mr. Speaker.

**Mr. Buraman (Ewa/Anetan):** Tubwa Speaker.

Direct eiy wanga question ea Minister for Finance. Ngune wanga question towe mungane wora new rates dogin bwe ngago last sitting ang gain dorereiy mungana an gain roe buriot departments, for example, tsimine engame ibun getting underpaid me ura babiyi mungana positions goda, mungana imin ouga, ura ebwak. Me animen edogor ouge aora ngana enim orre amea wangara amen compile eiy mungane paperwork dogin mungane positions me inan ura come up with new scales oa bita scale eimwi.

Ngea aeo kudo, mungane difference ngana, for example, owe eiy bita engame mungana difference between bita actual pay me what is being paid out dogin bita position eiy babiyi inat back-pay eiy in cash oa eken?

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, gain eiy imin aiya bitune back-pay ian bitune system at this time me tsinia amea HR advisor ied ngana yes tsimine an at fault ngea bita Public Service to the extent ngana ebo maramwut engame ma gona consider eiy iya within the capacity of the government to pay. Eimwi bwe enim touga aeo pan Speaker. Tsinia ouwak ngea bita back-pay enim pumwe me beyond our capacity to pay inan pwer iya anim make a commitment at this time ngana egona. Eimwi bwe in principle ma nim mag roma me quoquon, I imagine eab kanani ngea back-pay dogin bwe oning ngana ekamaramwi ngage at this time me ngana mungana differences between mungana salary bandwidth oning kor ngana differences between mungana ekamaramwi, mungana salary band me anan gona presume eiy therefore inan oning bed ngana mungana emuk enim

pumwe, mungana back-pay. Tuebon ngana ma nan gona tsinia amea HR advisor advise accordingly. Tubwa.

**Mr. Ribauw (Ubenide):** Tubwa Speaker, wanga question ea amea Minister responsible for Eigigu Holdings. Mr. Speaker, ngea wanga question ngamen bwio, worar tekawa egadame bwe ura complain ea amea wangara Chairman of Eigigu Holdings bwe ouge ngura eo derit unfair an riring ura amebuna won amen makur. Speaker, eimwi bwe enim awe tsied ata memak ang nim tsied ngana ngabuna engame na makur everyday, eoaon ura bed ibun, tsimine bed ibun mothers tsimine ngaiura me ura egada bwiora ean mungana oiyu oa oado kurak yubum. Me ngage kor last week oa very recently egada in ion ean mibune parent bwain Ubenide won dereta ougea ngana enim explain herself or resign. Roe burion ngune eitune, twenty emwa years and makur na me lately teiy daein an egada bwien yubum me ngea won take-home pay Speaker, fifty dollars. Etow ura iya ura absent, me ura meg na tekeiy raquin an tengeiy ura me ura nan nuwawen bwiora long iruwin an mag mungana hour n makur. Me accuse eiyot imit inon ngana ouge ngeiy bwe magit opwer me very, very unfair bwe ngune amune Chairman n bitune emakur eiy riring memak ngane mungane imin ouge, me eo ied ngeiy me accuse eiy ngabuna engame ibun.

Aeo kaiot bed Speaker, nungi ouwak iwidoduwaen amune inimagen amebuna amen makur na me eo deri an over-burdening an makur Board bwe metuwanen bed won day to day activities of Eigigu Holdings. Ngune aeo tsied recently ura ngen bed amen monitor eiy aura absent me present ngabuna engame me ura yoridaniten bed turura ngana mungana hour'n time sheet, bitune kor orin nuwaw me warwaret engame ebwak. Ta awe wo tsied Speaker tsinia fifty dollars maramwum me wo egada bwiem oiyu oa oado kurak yubum me ura tik tow anaramwi dara, eketen ngea.

Ateng kaiot amune Minister iya eiy kaiot oa tsimine iya egada mungane bwe I heard ngana ura oreit quoquon bwe ura enim egada bed amea Minister. Me eken an makur ngune Board, eken aura makur ea ngabuna amen makur eiyin bed amen time-keeper eiy ngabuna won amen makur? Oa eiy amen omaramwi ura bita eiy etsiok bed gona achieve eiy. Tubwa.

**Mr. Pitcher (Minister for CIR-Ubenide):** Tubwa Mr. Speaker.

Ekeow iya kaiot ngune bitune complaint me a eo tsied bed iya specific won complaint oa in general me tsinia towe amen Ubenide ion anan teng tsied me ekeow iya ogiten egadame.

Bitu alleged unfair treatment a eab tsied bed. Atsied ngana ngabuna Board they do play a hands-on role ian ngea Eigigu me eiy bed tokit Board ian wora Boards ngabuna involve ian day to day management specifically kor dogin an ekeow won management ngabuna Eigigu. Deo rene ngago ura tengen hands-off, enim non-executive wangara role but memak mungana wangara divisions garage, bita former DPC, ECW, Civic, Hotel ekeow memak management in those places me ma oreit quoquon me recruit eiy management so in the meantime yes, tsimine an Board manage eiy ngana mungana units. Ura babwa inimageora bwe enim gonan nuwaw emakur. Perhaps inan tsimine an pwer ngea, anga ied bed me dogin kor an ekeow management in place ma appoint eiyin ion general manager bwe enim orre atsin mago bwe enim babyida Eigigu Civil Works and in the meantime ion amebuna Director nan babyi na.

Anga anan dorera Chairman bwe anim aea iya iduwen mungana edorer kaiot ngana tsimine an unfair an treat eiy engame, me ta ngana animen nan mo eken iya sooner or later inan come a time ngea inan edun bita Board na bwe enim deo ura manage eiy mungana various companies yongit Eigigu, so Mr. Speaker, ta ngea ngea agona pan at this stage. Tubwa.

**Mr. Buraman (Ewa/Anetan):** Tubwa Speaker me direct eiy wanga question ea Minister for Eigigu, same line of questioning tik towe mungana ekamaramwi.

Wo aware oa iok ngana amebuna wam amen makur eat Eigigu works they had been promised ngana whatever cash they got from projects 80% nan nanga ura ian wangara salaries but in fact only \$50. Wo aware oa iok ngana ouga ngea imin ngea, Board pana ura ngana 80% atsin ean murana wangara contract ro nan obu me ngea oreit oiya ura ita bita \$50 wot edogor.

**Mr. Pitcher (Minister for CIR-Ubenide):** Ngea \$50 bita edogor oiya ura me the plan was inan mageda ngage ean June 30th ngea bita \$50 me ngea Eigigu their management team had put in place wangara program bwe enim gona generate eiy revenue me out of that bita wo pan amebuna wangara work crews in construction around the island nan makur at \$3.00 an hour I believe me 80% of bita ekamaramwi inan wangara me 20% inan pumwen administration me management dogin aura oepoiy proposals, dogin aura tuwap materials bwait construction. A eo tsied iya start en ngea bita dogin bwe it is supposed to start on July 1, so eko anga iya tsied ngana enim start en bita 80% ea workers, but that is the plan me inan effect ean July 1.

**Mr. Ribauw (Ubenide):** Tubwa Speaker me ea amea same Minister. Notice eiy bitune week nuwawen ngana start en ngabuna amebuna amen komamo taing as per won statement amea Minister for Finance ngago last sitting, me og me atik kaiotin ngana ura tugen. Eiy gona oa iok oeimwi ngana mungana etorongab oreita pweda bwe ouge ngana edogor odugin ngana mungana grants oa bita bid oa eiki me I don't know for what reasons. Aeo tsied anga gaiten put on hold ngune bitune. Eiy gona oa iok ogaroana gata, tubwa.

**Mr. Pitcher (Minister for CIR-Ubenide):** Ada start en ngana etaing? Otubwa amea Member dogin an raise eiy bwe anga bed me meyioten iya pan ngago last week bita wot Eigigu me edogor program enim issue eiy new tanks with 18,000 litres capacity ea mungana ewak communities themselves identify eiy me inan serve eiy by Eigigu. Start en ngago early last week oa late in the weekend bituno ion, start en construct eiyen mungana bases, ebwak ngana nuwawen amo but tekeiy an amea Member n Ubenide opan tsimine an tug the last couple of days dogin an etsiok bed metu pumwen maramwura.

Ngune bitune project fully funded by AusAID, ogiten pumwe upfront memak ngana etaing, memak mungana materials need eiy ngea what has not been paid bita labour component me ngea won AusAID policy we have to do the work and then bill them on a weekly or fortnightly basis me dogin an ekeow won cash upfront ngea Eigigu we had to wait for the next pay to come out. Memak bita emuk ogiten oiya edogor bwe enim present eiya Eigigu ngaga ura present eiy wangara time sheets. Tik na ngea emuk me tekeiy towon an pumwe ura me ura nim omeatu wangara time sheets. Ma hope next week nan continue memak ngana mungana tank construction.

**Mr. Tabuna (Yaren):** Tubwa Speaker, me ateng kudoiy amea Minister for Eigigu Holdings. Ngea aeo kudo ateng oudo bita won basic wage amebuno amen makur no Eigigu Holdings. Tsinia edogor odug bita wangara \$50 me enim itan ura oweiy o ean nanora gona oa iok amea Minister guarantee ea House ngana ngea wangara basic wage inan bita won basic wage public servants, bita 142 currently. Tubwa.

**Mr. Pitcher (Minister for CIR-Ubenide):** Mr. Speaker, a eo gona guarantee anything at this stage, ngea edogor inan quoquon me support eiy me inan tsimine ama omeatu ian murane current budget some extended support ea Eigigu iya ura gona oweiy o ean nanan. Ngea Eigigu inan expect eiy emuk ouwak bwe enim metu dogin rowiowen wangara property ian Melbourne me tsimine bed ion ian Guam ma oreit progress eiy bwe enim rowiow. It is expected ngana mungana proceeds from the asset sales ngea inan babiyi Eigigu. We expect ngana enim operate ngea bita commercial entity bwe enim earn eiy revenue bwe enim pumwe maramwura. Ouga at edogor riring memak mungana wangara commercial entities, we expect them to pay their own salaries me make their own revenues.

Me most of mungana wora entities eo tsitabo maramwut edogor, inan tsimine their own scales, RONPHOS ekae wona, Rehab. ekae wona. Gona slight ngana mungana difference me eko ion eara iya anga tsied inan ta mungana kadudu ngea copy eiy kor wot edogor rates. Ngea Eigigu wangara plan not on a fortnightly basis but on an hourly basis ngea wangara - \$3.60 an hour me tsinia ouwak an makur ngabuna engame we expect ngana inan ouwaka bita basic wage. Tsinia oning aura hour inan oning eken, so it is on an hourly basis not fortnightly me wages ngane wangara not salary.

**Mr. Adam (Buada):** Tubwa Speaker me nanga Minister for RONPHOS ngune wanga question. Ateng kudoiy amea Minister towe rowiowen won phosphate, kaiot egadame edorer ngana tsimine an rowiow phosphate RONPHOS ngea rowiow Pivot ngea eo obwa RONPHOS me Pivot bwe Pivot obu in memak me ngune bitune ouge aeo tsied bwe affect eiy bed royalty payments mimin. Inga eimwin bitune edorer me eken ngea agreement between RONPHOS me Pivot bwe understand eiy ngana tsimine won investment Pivot oiya RONPHOS me tsimine pumwe en bitune. Eken ngea bita arranged agreement inimagara in repayment of this.

Oaro won part ngea wanga question, ateng tsied bwe ouge panen tsimine phosphate ion rowiowin me magiduwa Pivot muk in, atengen tsied eken ngea agreement inimagen Pivot me RONPHOS oa edogor for that matter. Thank you.

Sorry, lastly gona oa iok amune Minister table eiy ian bitune House murana agreement dogin wo information House.

**Mr. Pitcher (Minister for CIR-Ubenide):** Mr. Speaker, aruworu aeo table eiy amo ngarane murane agreement, kaia ngeiy eo meta mungana meetings amo me ngage kor token engame tik oudon, animen amea Member for Aiwo, me angan kor tik nuwawen me komamo copy me orrean, so everyone should have two copies of the IPL Agreement me inan magen wanga ink tsinia anim tik print eiy iyu eworin. So ouge anga ewina ngin ngea arura copy provide eiya House me ngago iya eiy nim retsineiy murane agreement inan ied ngana aiyu shipments ea IPL ang nim pumwe dogin mungana ata dura tangura me nuwawen amo.

So in answer to the first question, yes bitune adamonin IPL shipment nuwaw recently enim pumwe ata dura tangura, wangara memak ngea bita ekeow split. Ngago ma negotiate eiy contract ma teng split me ngura ro teng parin mag bita idura so nuwawen amo ngea so eo change eiy bita won obligation edogor to pay royalties on that shipment. Me ma tsiedin ngana figures me we are working those out now, work out eiy landowners list me ma tsied egen royalties ma nim pumwe me tekeiy parin ama pumwe ngea. So eo abrogate eiy bita wama responsibility iya ma pumwe royalties.

Iyu oaro shipments, ma plan eiy ion towards the end of the year me the final shipment gona will be in the first quarter of next year. Tsimine ama time eiy ngana mungana, ma nim quoquon oaro oa aiyu mungana cash revenue shipments inimagen mungana, so tsimine ngana deimanu ma oreit quoquon me kaito ea wama production at the end of this month me gona next IPL shipment would be about mid-August fifteen oa twenty five me inan tsimine oaro oa aiyu deimanu inimagen. So ouga ama time eiy bwe ma nim quoquon wama revenue in between the IPL

shipments dogin bwe ma nim gona pumwe ongoing operating costs me cover eiy mungana royalties from the IPL shipments. Tubwa.

**Mr. Adam (Buada):** Deo kor question ngune bwe ekongong ea amea Minister, kaia iduwen ogiten table ngarana agreement me a miss eiy, gona iya anim tik kong a one last copy oa iok, ta dogu magada. Tubwa.

**Mr. Speaker:** Member for Buada, while we continue with our business I will ask one of my secretariat ne amo bwe enim nuwaw me koni wam copy, eimwi bwe enim tsimine, yes.

**Mr. Dabwido (Meneng):** Ngaga ang tik ean mungana issues towe contract I presume ngea wanga question me inan answer eiy eow turin amea Minister for CIR tik no amo, table eiyen bitune an epoda Rehab. me RONPHOS bwe ouge ngeiy eiy nan table eiy. Gona clarify eiy iya eiy nan table eiy murana independent report by somebody no overseas no ouge ngana mo kor iya ur nim epoda RONPHOS me Rehab. no oe. Ouge ngeiy bwe eiy nan table eiy.

**Mr. Pitcher (Minister for CIR-Ubenide):** Bit a merger ngea wo pan, oa secondary mining? Merger?  
Ngea merger oreit epo bed ngabuna wama ngame. We had been meeting the last three days with RONPHOS bwe enim taineiy MOU ngarana inan fix eiy mungana arrangements dogin bita hand-over me merging of mining. It looks like ma nan set up eiyin joint venture bwe enim run eiy bita operation dogin bwe inan tsimine bed won share RONPHOS ian, so ma etsiok og ngea bita but we have still got till July 1 bwe ma nim odobarida murana MOU.

Animen ngarana report House kongame ngago last time murana feasibility on secondary mining. That is a big report, I have got it me akonga ngen ura bwe ura nim komamo copy, it is over 200 pages long me ro ouge it will take time so a ring eiy ura nene me ura ouge ame etsiok bed og. The other option is they have it on disk me gona bed issue eiya House on disk dogin an aiya debuch me ink, ouwak ngarana report me ebwak tamwineiy ian bed. Otherwise ang obereiy Rehab. bwe ura nim komamo copy, inan ebwak ngana copy and they will take time. Tubwa.

**Mr. Buramen (Ewa/Anetan):** Tubwa Speaker. Direct eiy wanga question ea Minister responsible dogin NPRT. Nungi raquen me ang etsiok bed pan bita wora topic of residual, wo gona oa iok update eiy gama ean bita.

**Mr. Kun (Minister for NPRT-Buada):** Akonga amea Member bwe obereiy wanga ministerial statement on this tsinia teng.

**Mr. Tabuna (Yaren):** Tubwa Speaker. Ngago tokin sitting kudoiy amea Minister for RONPHOS, angogen wangara production bwe nungi gain ikidu an nuwaw wangara marere. Oudon dogin me nungi eiy ouge bwe dogin wangara power. Ogen ngeage ateng kudoiy amea Minister for Utilities, inga ekamarar iya enim allow eiya RONPHOS more power dogin bwe ura nim gona produce more phosphate.

**Mr. Adeang (Minister for Utilities-Ubenide):** Mr. Speaker, eiy debate ion ma oreit onuwaw inimagema ian Cabinet ngune bitune dogin bwe RONPHOS kong ngen gama bwe ura nim oraquo eken ama daein switch on eiy ura ngeage 8 hours a day me ngeage ura tengeiyin 16 hours a day. Me ngea wama problem ngama no iat Utilities ma eo kor teng encourage eiy amebuna amen eo teng pumwe aura dura me ngaga bed tsimine wangara counter-argument ouga ama babiyi ngama ngana RONPHOS owe eiy gama hundreds of thousands dogin aura etsiok bed pumwe wangara edin atsin ngago November last year.

Of course tsimine bed won counter-argument RONPHOS ngana ouge bwe ama owe eiy ura emuk for one or a dozen reasons me ma oreit sort out eiy ngane, me hopefully bitune week oreit orre amebuna wama officials nan gona in sort out eiy memak ngana technical issues. Me ibibogin pan ngana tsimine wama capacity n gona oiya ura me ngea ekeow wama capacity bwe magen bita wama patience iya ma nim obereiy ura bwe ura nim pumwe wangara edin. Ma oreit mwid won edin engame ngeage, amebuna oreit eo pumwe aura dura me bitune week nuwawen ARM ngabuna ma mwidin ura me instruct eiyin wama linesmen bwe ura nim dugidugo ian RONPHOS me onani no engot disconnect me disconnect mungana enim mwid. Ma eo gona come to an agreement with RONPHOS bwe ngane mungane deo ita inimagema bwe inimageta bed amebuna donors oreit oiya gata wora diesel. They object strongly tsinia industry enim subsidised by donor funded fuel. Tsinia inan affect eiy wora relations with donors ngabuna ouwak ipuok ura oreit gona ea gata inan gona jeopardise eiy ebwakit imin, me ekeow bwe ouge aeo babiyi anga ma nan gona resolve eiy ngana mungana wama issues. Eimwi bwe ma nim gona oiya ura bita wangara power ura need eiy, maybe in seven to fourteen days. Thank you.

**Mr. Speaker:** Members, I will allow one last question bwe magen ngea bita wora 45 minutes for questions without notice time.

**Mr. Dabwido (Meneng):** Thank you Mr. Speaker. Ngea wanga question anan direct eiya amea Minister for

Fisheries. Ten days ago ngago tokin ata epo me inga ngarana murana business plan, etiki? I am talking about almost two weeks later ngage, dogin bwe nungi tsimine an kamarar Meneng Hotel bwe enim hotel murowa imin na tsinia eo memori. Tikeni ngarana murana business plan? Tubwa.

**Mr. R. Kun (Minister for Fisheries-Buada):** Ngea bita question ogiten bed oneiy ngago two weeks ago, ngana tsimine medenan ngana mungana develop eiyen business plans. Ngea bita ma nan riring, ma nan korre engame, mungane regional organisations specifically SPC, bwe enim buok bita NMFRA develop eiy bita won corporate plan, bita eiy egon bwe NFC which is actually ama view eiy, is a project bwe enim develop eiy a fishing industry ian Naero. Me konga Members ngana ura enim clear ngana ngea NMFRA it is an authority me deo iya ngea won core function enim eiy corporate fishing industry. Eiy nim facilitate eiy bita development me enim eimwi riringen me we are using experts who were involved in the development of won commercial fishing industry Samoa, Tonga, Fiji me other places in the region, bwe ura nim provide eiy wangara assistance in that regard.

Ekeow wora experts ian bitune commercial fishing industry, it is something that is new to us. Need eiy heavy capital to put up front me ngam pwer wora investment oa pwer bita imin ang riring, so enim eimwi ata riring. Me as much ura opaparin ied results anan konga Members be patient with bita program in this regard me inan tsimine bed wanga statement gain towe bita later on.

**Mr. Speaker:** Thank you Members. We will now continue with our business of the day.

We are on Ministerial Statements or Papers for presentation?

Members, note eiy ngana we are on our fortieth sitting me wora Standing Order 90 pan ngana every fourth sitting day private business shall precedence over government business, so if Members have any business for presentation. If not then I will ask government to make their ministerial statements.

**Mr. Ribauw (Ubenide):** Mr. Speaker, ekeow wanga statements nga me ngam wong a meyion, amea Member for Aiwo kongame bwe anim seek leave dogin bwe eab meta ngabumine, gain aiyan bwien. Ogiten orre amo me nuwawen bwe enim meta imiton na ian won tekawa me eiy kongame bwe anim seek eiy won leave of absence dogin today. Tubwa.

**Voice:** Anga second eiy.

**Mr. Speaker:** Members, is leave granted? Leave is granted.

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, ngaga ang oreit tik on the subject of leave of absence, ateng kongong leave of absence dogin Minister for Health me Minister for Education, me the Hon. Member for Anabar/Ijuw/Anibare, Hon. Riddell Akua all of whom are travelling on government business.

**Voice:** Seconding.

**Mr. Speaker:** Members, is leave granted? Leave is granted.

I gather ngana ekeow papers atsin turin amebuna private Members, so I will ask for ministerial statements.

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, ian obwen ata onuwaiw eken wora ministerial statements, edogor teng kongon bwe ang nim break eken and maybe ang nan resume in one hour, that would be about 7.30?

**Mr. Speaker:** Members, I will suspend the House and we will resume within one hour, at 7.30.

**Suspension**

**Resumed.**

**Mr. Speaker:** Members we will continue from where we left off earlier today. Ang tik ean wora ministerial statements me papers for presentation.

#### Ministerial Statements & Presentation of Papers

**Mr. R. Kun (Minister for NPRT-Buada):** Mr. Speaker, I have a ministerial statement on NPRT.

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>

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<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>
<b>Total</b>	<b><i>\$68,857,243.09</i></b>

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 are currently engaged in satisfying Parts II and III of the ATO 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 as well as the ultimate sale of the business which is 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 timeliness 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, the receivers and managers, 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. Thank you.

**Mr. Buraman (Ewa/Anetan):** Ateng note eiy murana won statement aema.

**Mr. Speaker:** Any other ministerial statements?

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, I present to Parliament the document recording inter subhead transfers agreed since my last statement, relating to the 2006-2007 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 2006-2007.

All subhead transfers have been accommodated within under-spends from other subheads from within the same head. Thank you, Mr. Speaker.

**Summary of Inter-subhead Transfers**

***Increases***

<b>Head</b>	<b>Agency</b>	<b>Subhead No.</b>	<b>Item</b>	<b>Increase (\$)</b>
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

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25	Media Bureau	301	Printing & Stationery	500
31	President	270	Entertainment	4,316
49	Sports	502	Plant & Equipment	1,174
			<b>Total</b>	<b>\$28,912</b>

*Decreases*

Head	Agency	Subhead No.	Item	Decrease (\$)
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
			<b>Total</b>	<b>\$28,912</b>

**Mr. Kun (Minister for Fisheries-Buada):** Mr. Speaker, I have a statement to make on the Fisheries sector.

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.

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. 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. This sponsorship will entail financial and technical assistance.

The US Multilateral Treaty Project Development Fund will be accessed to finance the development program. Your government is also working with Taiwan on a proposal for 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.

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. Thank you.

**Mr. Adeang (Minister for Finance-Ubenide):** 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 or the South Pacific Geo-Science Commission, is funding the Pacific Islands Energy Policy and Strategic Action Planning to provide Nauru with support in developing a National Energy Policy Frame-work.

The program 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, the program 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 the program 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.

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 fulfill the second NSDS goal of ‘provision of enhanced social, infrastructure and utilities services’. Thank you.

**Mr. Speaker:** Any other ministerial statements? If none, we shall move on. Are there any motions?

### MOTIONS

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, I present the Appropriation Bill 2007-2008.

**Mr. Kun (Minister for Justice-Buada):** Secunder.

**Bill read a first time.**

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, I move that the Bill be now read a second time.

**Mr. Kun (Minister for Justice-Buada):** Secunder.

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker and Hon. Members, today I have the privilege to present the Scotty government’s fourth budget.

In 2007-2008 the Scotty government continues the process of fiscal and economic reform that has been our task and our political mandate since we came into office in 2004.

Mr. Speaker, when the current government came into office, it inherited an economy that was in deep crisis. The government had ran out of cash but was continuing to spend. Payments to public servants and government suppliers were made sporadically, as money became available, with many services paid for in worthless Bank of Nauru cheques. Government services were breaking down and people were losing faith in the ability of government to provide the basic needs of the Nauruan people. Despite the heavy support of donors such as Australia previous governments had no answers to the problems that were over-whelming Nauru. They sat back and allowed Nauru to regress.

The Scotty government came into office with a strong reform mandate and the strength and resolution to begin clawing back the ground that Nauru had lost. Since the 2004 election, the Scotty government has worked to regain control of government finances and to rebuild the government’s ability to provide the basic health, education and other services that are the foundation of any modern nation.

This required difficult and unpopular decisions. The decision to reduce salaries to a standard \$140 per

fortnight was controversial but unavoidable if the government was to operate within its limited resources. It met its aims, since that time, the government has been able to provide consistent, regular and reliable payments to its public servants. Continuing fiscal consolidation allowed us in April this year to introduce full cash salaries on a new scale for all public servants. In 2007-2008, Mr. Speaker, I am pleased to announce that the government's fiscal rectitude has provided scope for us to pay public servants an extra \$8 a fortnight from 1 July 2007 onwards, taking the basic wage to just over \$150 a fortnight. This will permit a large number of Nauruan households to enjoy a small dividend from the difficult but necessary fiscal reforms of the past three years.

Mr. Speaker, today's budget delivers this pay increase and other improvements in government services that will benefit all Nauruan citizens. This is despite significant revenue short-falls in recent years.

Mr. Speaker and honourable Members will be pleased to note that as with the Scotty government's earlier reform budgets, and despite Nauru's very difficult economic and financial circumstances, we are again projecting a small surplus. Compared with estimated revenues at \$24,695,400 estimated expenditures are at \$24,657,000 projecting a small surplus of \$38,400.

As with the previous budgets that this government has produced today's budget is formulated against difficult fiscal and economic conditions. Once again, the government has had no alternative but to take some decisions that may be unpopular but which as a responsible government we cannot avoid if we are to continue working towards Nauru's economic recovery.

Before I provide further detail on this year's revenue and expenditure measures, I will summarize the economic outlook this year.

Mr. Speaker, in the 2006-2007 budget speech I set out the government's hopes for increased economic activity in 2006-2007 as a result of increased phosphate exports and heightened activity at the Offshore Processing Centre. In the event, those expectations were not fully met, as the result of factors beyond the government's control. The arson at the Linkbelt conveyor belt and the damage to the port mooring buoys as the result of a freak storm prevented exports of phosphate for much of the year and caused serious cash-flow problems for RONPHOS. The abandonment of a key piece of legislation in Australia meant that the expected heightening of activity at the OPC did not occur. In addition, the failure of one of the government largest non-donor revenue streams, from the Philippines phosphate company, PHILPHOS, which reneged on its obligations to Nauru in 2006-2007, robbed the government of expected revenue of \$4.4 million.

Nonetheless, the government was able to retain a budget surplus during 2006-2007, assisted by increased financial support from the Republic of China (Taiwan), by higher than expected fisheries licence revenues and, especially, by continued restraint in government spending. Throughout this period, the government met its obligations and maintained public service salaries – even the increased expense resulting from the introduction of full cash salaries in April 2007.

In 2007-08, the government is again cautiously optimistic about the prospects for increased economic activity. With repairs of the port mooring system complete and phosphate processing taking place on a regular basis, exports of phosphate have again resumed. Over time, the government expects that phosphate exports will increase towards 500,000 tonnes per annum. This will return a stream of royalties to the government and to landowners. It will secure employment to RONPHOS workers and ensure regular payment of RONPHOS wages and entitlements. In 2007-08 the government expects that the next major phase of Nauru's phosphate mining history will begin with the commencement of secondary phosphate mining by Nauru Rehabilitation Corporation. Reserves of 20 million tonnes or more should provide an income to Nauru for many years in the future and will provide for the rehabilitation of areas of topsoil, restoring natural vegetation or opening up land for agriculture, residential, industrial and other uses.

Mr. Speaker, even with the resumption of phosphate exports, it is clear that conditions will continue to be difficult for Nauru during 2007-2008. As we saw in 2006-07, forces beyond our control can produce unpredictable outcomes. The many years of neglect by previous administrations have left Nauru with many problems that are not easily solved. Nauruans have approached these difficulties caused by these problems with forbearance and tolerance, with mutual support and good humour. It is these national characteristics that make me confident that this government's strong reform program, matched with the robustness and stamina of the Nauruan national spirit will allow Nauru to make important strides forward over the next year.

With this in mind, I turn to the details of the 2007-08 budget.

Mr. Speaker, in 2006-07 the government suffered the loss of a major revenue stream following the failure of PHILPHOS to make scheduled payments of more than \$4 million. Unfortunately, our best efforts have been unable to persuade PHILPHOS management to meet its legal obligations to Nauru and no revenue from return of PHILPHOS investments has been factored into the budget in 2007-08.

Neither did we realize in 2006-07 any of the royalties expected from RONPHOS.

There are some pieces of good news however. The resumption of phosphate exports allows us once more to make provision for increasing phosphate royalties' receipts, which are expected to be a little over \$800,000 in 2007-08.

Fisheries licence fees are also expected to be relatively strong in 2007-08. In 2007-08 a major development will take place in the way in which fisheries licences are negotiated and paid for, with the introduction of the Vessel Day Scheme or VDS by the Forum Fisheries Agency. The VDS will allocate a set number of fishing days to each

country and countries will be able to trade their allocations. Properly administered the VDS should result in an increase in fisheries revenue for Nauru and other countries involved in the scheme but in the first year of operation, there will necessarily be some uncertainties about the exact impact on revenue collection.

These factors make it crucial that we continue the task of consolidating and broadening Nauru's revenue base, consistent with the goals set out in Nauru's National Sustainable Development Strategy or the NSDS.

For that reason, the government has decided to introduce the following four measures designed to increase revenue in 2007-08 and future years.

The tax on hotel accommodation that was introduced at a rate of \$5 per night in 2006-07 will be increased to \$10 per night in 2007-08. This rate is consistent with similar taxed in overseas jurisdictions and should result in increased revenue in 2007-08 of around \$180,000.

The five percent import duty introduced in 2006-07 will be increased to 7 per cent in 2007-08 with increases of one percentage point in each succeeding year through to 2010-11. This increase will cause only a modest rise in retail prices but should produce additional revenue of around \$200,000 in 2007-08.

Fuel excise will be increased by 10 cents per litre for petrol and five cents per litre for diesel, bringing the rate of excise for both fuels to 60 cents per litre. This is expected to bring increased revenues of \$108,000 in 2007-08. The government is conscious of the potential impact of increased petrol prices on fishermen who depend on petrol for their outboard motors. However, the introduction in 2006-07 of fuel allowances for district communities at wholesale rates from the Bank of Nauru should mitigate this impact.

A range of fees and charges will be adjusted in 2007-08. The fee for police clearance certificates will be reduced from \$60 to \$20, recognizing that police clearances are generally required for purposes beneficial to Nauru, such as scholarships or employment applications. A \$10 charge will be introduced for medical clearances for visa purposes. In the lead-up to the 2007 General Elections, a \$50 charge will be introduced for candidates nominating for election and \$10 charge will be introduced for electors wishing to change electorates. These charges will bring in modest revenues in 2007-08 but are important in requiring users to meet the cost of services.

Mr. Speaker, in 2007-08 the government is introducing a revenue measure that is primarily designed not to generate income for the government but to encourage Nauruans to adopt a healthier life-style. As we all know Nauru has the highest per capita rate of diabetes in the world. More than fifty percent of our adult population has diabetes. According to a WHO survey we are also ranked No. 1 in the world in obesity rates. Each week, we see fellow Nauruans dying prematurely from the complications of uncontrolled diabetes and all of us have friends or relatives who are incapacitated and suffering as a result of this terrible illness. But medical specialists unite in telling us one thing – that our national addiction to sugar and sugary products renders this problem significantly worse than it need be, by over-burdening our systems and contributing to our national problem of obesity. Our doctors tell us that we do not need to eat sugar and that our traditional foods give us all the nutrition we need but our high consumption of unhealthy sugary foods continues unabated.

For that reason, the government has decided to introduce a new tax in 2007-08 on sugar and sugary foods. From 1 July 2007 an excise at the rate of 30 percent will apply to sugar, confectionary, carbonated soft drinks, cordials, flavoured milk and drink mixes. This tax will increase the price of a two kilogram packet of sugar by around 70 cents and of a can of Coke by around 36 cents.

The government's intention in introducing this measure is to discourage excessive consumption of sugar. Households will experience no increase in the price of the products that make up a normal healthy diet. It is difficult to estimate the revenue impact on this tax. At current rate of consumption, it is estimated that around \$80,000 a year would be collected from this levy but our hope is that revenue collections will be much lower – because that would be a sign that the tax is successful in meeting its aim of discouraging sugar consumption.

It should be noted that whilst there may be some anxiety over a new import duty, this initiative will be mitigated or offset by higher salaries across the public service to the amount of \$240,000, or three times the revenue collected from the sugar tax.

As a further offset to the tax, the current duty on imports of bottled water will be lifted. Indeed it is intended that the full list of those items to be taxed under this new initiative, and those that will escape the general import duty, will be finalised in consultation with the Health Department in order to encourage consumption patterns that promote rather than demote good health for all Nauruans.

Together these measures will contribute an ongoing additional revenue of almost \$560,000. Such revenues are crucial if we are to lessen our dependence on volatile fishing revenues.

Several additional one-off measures will also contribute revenue in 2007-08.

The government will make available for sale 500 metric tonnes of rice provided by the Republic of China (Taiwan). This rice will be sold at a wholesale price of 50 cents per kilogram and a price control will be introduced that will prevent retailers selling the rice for more than 90 cents per kilogram. This sale will provide a supply of cheaper rice that will allow Nauruans to extend their household budgets further and will generate revenue for the government of \$250,000.

For instance, the new rice prices of up to 90 cents per kilogram would compare favourably against current rice prices that range from \$1.08 per kilo to \$1.44 per kilogram.

In 2006-07 the government purchased 700 tonnes of Jet A-1 for sale to Our Airline. Revenue from these

sales is expected to total around \$750,000 in 2007-08.

The sale of an Eigigu Holding property in Middle Park, Melbourne in 2006-07 generated over one million dollars. The government will deduct from the sale around \$300,000 as reimbursement for renovations and local government taxes that were paid from Government of Nauru funds. The remaining proceeds of this sale will be used by Eigigu Holdings for capital investments in 2007-08.

Overall revenues are therefore estimated at \$24,695,400 in 2007-08. This compares with \$22,288,500 in 2006-07.

Mr. Speaker, as in previous years the Government of Australia will be Nauru's major donor in 2007-08. Australia will provide funding to Nauru of \$18.263 million in 2007-08, in a mixture of cash and in-kind assistance. AusAID assistance will fund further major improvements in electricity generation in 2007-08, including the purchases and installation of two Ruston generators previously used by a mining project in South Australia, as well as the normal purchases of diesel fuel for electricity generation.

AusAID assistance will fund the reconstruction of Nauru Secondary School and further refurbishments of other schools around Nauru. In the Health sector, AusAID will continue to fund assistance through AusHealth International, as well as a range of other activities including construction of a new laboratory and a dental clinic. AusAID funding will provide for the continued deployment of in-line Finance officials, development of a debt management strategy and a continuation of the successful accounting assistance program for state-owned enterprises run in 2006-07.

It is estimated that \$4,758,000 of Australian grant aid will be received in cash assistance in this financial year.

The Republic of China (Taiwan) also continues to play a central role in providing essential assistance to Nauru in a range of sectors. In 2006-07, the Republic of China provided funding of \$2 million to support the budget following the failure of the PHILPHOS equity repayment. The Republic of China (Taiwan) also funded major port works and the purchase of Our Airline's new 737 aircraft. In 2007-08 this vital assistance will continue with the budget factoring in direct Taiwanese budget assistance of around \$4.4 million. Taiwan will also provide funding to assist Nauru in the area of information technology, associated with the roll-out of a new telecommunications system in Nauru in 2007-08.

In 2007-08, New Zealand will provide a further \$1.4 million to continue its assistance to Nauru's education sector. New Zealand assistance is making a very substantial contribution to education in Nauru, particularly in the areas of curriculum development and teacher training, which should generate significant improvements in educational outcomes.

A number of other donors will provide support in 2007-08, including Japan, the European Union, India, the UNDP, the Secretariat of the Pacific Community (SPC), the Pacific Islands Forum Secretariat, the Asian Development Bank (ADB), the South Pacific Geoscience Commission (SOPAC), the South Pacific Tourism Office (SPTO), the Forum Fisheries Agency (FFA), UN Food and Agricultural Organisation (FAO), World Health Organisation (WHO), Cuba, Venezuela, Italy, Israel, Brazil, Singapore, South Korea, the Czech Republic and the USA.

Mr. Speaker, the government's fiscal reforms over this and the past three budgets have restored the integrity of Nauru's expenditure management systems and ensured that funds are spent only in areas agreed by Parliament. Redirection of expenditure to priority areas and difficult reforms including the closure of the Works Department in 2006-07 have allowed Nauru to adjust to shocks such as the loss of PHILPHOS revenues in 2006-07.

In this context it is appropriate to recognise the forbearance of the Nauruan people throughout the difficult task of adjustment in recent years and provide some compensation. For that reason, from 1 July 2007 the government will implement an across-the-board pay increase of \$8 per fortnight for all public servants. For workers on the current basic wage of \$142.10 a fortnight, this represents a 5.6% pay increase; for the public service as a whole it is an average increase of around 4.5 per cent. This pay increase is affordable and it is sustainable in the context of the Government's sound fiscal management. In 2007-08, it will add \$241,000 to expenditure - around \$9,000 a fortnight.

On education, Mr. Speaker, the 2007-08 Budget recognises the importance of a reinvigorated and successful Education sector to Nauruans future. More than 17 per cent of government outlays in 2007-08 are directed towards education, a clear indication of the Government's success in redirecting spending towards priority areas. Total funding of around \$4.2 million will be provided to Education in 2007-08. Successful programs begun in 2006-07 will be continued in 2007-08 in the areas of curriculum development, teacher training and student benchmarking. The AusAID-funded school refurbishment program begun in 2006-07 will continue, with a major project being the reconstruction of the Nauru Secondary School. Additional Government of Nauru funding of \$60,000 will be provided in 2007-08 to employ three new expatriate teachers.

The Government has negotiated a Memorandum of Understanding with the Catholic Church that will see Kayser College fully funded by the Government from 2007-08 onwards. Previously, the Government funded 80 per cent of salaries for teachers at Kayser College but since the introduction of the new salary scale in April 2007, it had become clear that Kayser College was unable to supplement teacher salaries to bring them up to the new salary rates. The new MOU recognises that Kayser College is an integral part of the Nauruan education system, providing the same level of support as for other schools in Nauru. Funding of \$70,360 will be provided to Education in 2007-08 and future years to cover the additional costs of the new MOU.

On Health, in 2007-08, major health projects will expand the capacity of the hospital to care for patients and provide basic services. AusAID funding of \$200,000 is allocated to construction of a new dental clinic, and AusAID funded construction of a new laboratory facility will be completed during the year. Additional funding of \$300,000 a year from Nauru's own non-donor revenues will fund increased provision of drugs and other medical consumables. Further training of nurses will continue in 2007-08 at the Kiribati School of Nursing. In 2007-08, further expatriate medical officers will be recruited to work in Nauru, with the Government of Cuba to provide six medical specialists. The World Health Organization will continue to supplement funding for public health programs in 2007-08, with a focus on non-communicable disease prevention, particularly diabetes.

On welfare, Mr. Speaker, in 2007-08, the Government will introduce an income support payment for one of the most vulnerable groups in our society, the profoundly disabled, who cannot work and who are dependent on their families for support. A payment of \$50 a fortnight will be provided to a group of around 110 profoundly disabled people, at a cost of \$143,000 per year. This payment will supplement and provide some additional support for the care they currently receive from their families.

In addition, the Government will continue to provide support in 2007-08 to those people who were retrenched in 2006-07 as a result of public sector restructuring and who have not yet found alternative employment.

Mr. Speaker, in an age in which governments around the world have fully integrated computer networks that have increased public sector efficiency and decreased costs, Nauru's public service struggles with outdated computer technology bought on an ad hoc basis over a number of years.

In 2006-07, the Government employed a Director of Information Technology and began a process of rationalizing the Nauruan public sectors computing and information management technology. In 2007-08, a new Department of Information and Communications Technology will be established and a computer network will be established for the Nauruan public service, together with a donor-funded bulk purchase of new computers for public service departments. The ICT Department will ensure that consistent IT standards are maintained across the public service. The new government computer network will improve communications among departments and increase the efficiency of government operations.

Mr. Speaker, Nauru's telecommunications sector has suffered from years of neglect that have resulted in poor service standards and ageing and unreliable infrastructure, with the majority of Nauruans no longer having easy access to telephones. Most Nauruans do not have ready access to internet facilities, with lengthy queues a regular feature of the Cenpac internet café. Modern electronic information technology has made enormous strides in recent years; fixed line telephony is now increasingly outdated and new technologies have resulted in a dramatic decrease in the costs of acquiring and maintaining communications infrastructure and the average cost of calls.

In 2007-08, a major project will be implemented to construct a wireless Voice over Internet Protocol telephone system in Nauru. The new system will provide wireless access to the internet and to telephone calls across Nauru, with customers acquiring special VoIP telephone equipment at a modest cost and then making calls and accessing the internet through a pre-paid card system. The cost of international calls made through the new system should be only around a quarter of existing international call costs. An application has been made to AusAID for funding for the infrastructure for this new system, which will provide Nauru with a modern and efficient telecommunications system that will provide Nauruans with the opportunity for easy, low cost communication within and outside Nauru.

Mr. Speaker, late in 2006-07, the Department of Transport initiated a public bus service in Nauru, for the first time providing regular and reliable bus transport for all Nauruans at a nominal fee per ride. This system has proved enormously popular and has produced a very real improvement in the quality of many people's lives. In 2007-08 the Government will continue and expand this service with the purchase of two additional buses at a cost of \$40,000. In addition, a specialist bus will be acquired for the transport of disabled children. Lack of adequate transport has prevented many children with disabilities from regular attendance at school. The Department of Land Transport will also purchase a new van for the transport of hospital patients. These two specialist vehicles should cost around \$30,000, potentially funded by AusAID under the MOU with Australia.

Overall, total budget expenditure in 2007-08 is estimated at \$25,657,000. This compares with \$22,225,900 in 2006-07.

Mr. Speaker, the Nauruan Public Service is encumbered with outdated regulation and practices that discourage effective management. In 2007-08, AusAID will provide funding for employment of a specialist in the Chief Secretary's Department who will reform human resources management including the introduction of performance appraisals, and develop new public service regulations. This should contribute to a more effective and efficient public service in future years.

Mr. Speaker, Nauru has not been well served in recent years by its state owned enterprise sector. SOEs have faced many of the same problems as the public service, with inadequate funding levels and inefficient management resulting in poor service delivery.

Over the past three years, the Government has made significant strides in reform of SOEs. Hidden subsidies to SOEs, which permitted inefficiency and disguised the true cost of SOE services, have been removed. Overstaffing has been reduced and in 2006-07 the Government reformed the composition of SOE boards, with all Members of Parliament removed from SOE boards to remove potential conflicts of interest and ensure that MPs approach SOE

reform issues on an impartial basis.

In 2006-07, with AusAID funding the Government implemented a program of accounting assistance to SOEs. Five SOE's, the Meneng Hotel, RONPHOS, Central Utilities, Eigigu Holdings and Nauru Rehabilitation Corporation were chosen to be in the initial group for training in the Mind Your Own Business (MYOB) accounting package. The training proved extremely successful, the course was over-subscribed and all trainees scoring high marks in the final test. Subsequently, the trainer and another accounting consultant spent several weeks ensuring that MYOB was successfully implemented in each of the five SOE's, including by setting up balance sheets and establishing opening values.

In 2007-08, this program will continue. Further MYOB modules will be implemented, more training will be delivered and other SOEs will be considered for inclusion in the program. Successful implementation of MYOB will permit Nauruan SOEs to produce regular financial statements and in some instances, for the very first time. The Government's intention is that end of year financial statements will be available for presentation to Parliament for the five SOEs with MYOB in 2007-08.

The Government will also develop a dividend policy for Nauruan SOEs during 2007-08. Dividends are the means by which governments receive a return from their investments in SOEs but most SOEs in Nauru have never paid a dividend, and no Nauruan SOEs have paid a dividend in recent years. The new dividend policy will set out the criteria against which dividends will be calculated and the circumstances in which dividends should be paid. The dividend policy is not intended to strip SOEs of cash reserves or deprive them of funds needed for vital investments, but will serve as an important incentive to improve the efficiency of SOE management and operational practices.

Mr. Speaker, the Government sees the reform of Utilities as a central plank of the Government's reform strategy. This is in keeping with our government's mandate for reform, which is to implement changes that improve the livelihoods of our people. It recognizes also the advice of the ADB that reforms in Utilities can significantly contribute to Nauru's prospects for economic growth.

In 2006-07, important progress was made with the employment of an interim Utilities manager who has implemented a regular load-shedding schedule that gives people certainty about when they can expect power and who has, with assistance from AusAID and the Republic of China (Taiwan), begun refurbishment of key distribution infrastructure.

In 2007-08, reform will continue. AusAID is assisting Nauru to purchase two medium speed Ruston generators from a mining project in South Australia. When installed, by late 2007, they will increase Nauru's generating capacity, provide a more reliable electricity supply and permit the removal of the rented high speed Cummins generators from the power station. In 2007-08, Nauru will begin implementation of the move to a user pay system for electricity, with the installation of pre-paid meters funded by the European Union. The user pays strategy will provide for subsidized provision of basic power needs for domestic consumers, with power consumption above this amount supplied on a full cost-recovery basis.

To assist Nauruans to manage their electricity consumption, Government is working with AusAID to fund the introduction of alternative energy technologies for households. Utilities will commence an exchange program in 2007/08 to replace old electric stoves with new gas stoves. It is expected that every household on Nauru will be offered a free gas stove kit to use for cooking, which is expected to reduce household power consumption significantly.

Mr. Speaker, adequate provision of fuel has been a continuing problem for Nauru. In 2006-07, AusAID provided funding of \$3.5 million to purchase diesel for power generation, with Japan providing US\$1 million and Nauru purchasing the remaining necessary fuel from its own funds. In 2007-08, Nauru will increase its own funding for diesel purchase to \$3.5 million, with AusAID funding dropping to \$1.5 million. This is an important step in moving Nauru towards self-sufficiency in power generation. In addition, the Government has budgeted \$1 million for purchase of petrol for commercial sale to bowsers, which should prevent the petrol shortages that have occurred in previous years.

Under Debt Management, Mr. Speaker, we have known for some time that, as a result of the profligacy or wastefulness of past administrations, Nauru faced an overwhelming burden of debt. In 2007-08, AusAID funding employed a debt management consultant to assist Nauru to develop a strategy for management of Nauru's debt.

Mr. Speaker, the result of the consultancy shows that we have a total debt of more than \$1 billion or one thousand million dollars which is more than \$100,000 for every man, woman and child in Nauru – with \$350 million of this owed to individuals and entities outside Nauru and another \$250 million owed to individuals in Nauru. Our total debt is more than 2,500 per cent of the total value of goods and services produced in Nauru. It is clear that this debt is far beyond our capacity to repay.

In 2007-08, work will continue to develop a debt management strategy. The goal of the strategy will be to explain to and negotiate with Nauru's creditors to accept a very substantial write-down or rescheduling of Nauru's debt, with the aim of establishing a schedule of modest repayments when the budget position allows. It will be critical to explain Nauru's economic situation to creditors, and if creditor support is to be secured, we need to demonstrate the Government's ongoing commitment to budgetary reform and the elimination of wasteful spending. For that reason, the Government intends to introduce fiscal responsibility legislation in 2007-08, which will set out key performance criteria for fiscal management and reporting and should encourage future administrations to maintain the reforms that

the Scotty government has introduced.

The Department of Finance will also create a debt management unit with the task of recording and tracking Nauru's debt. The Government will also introduce legislation to ensure that any future borrowings are subject to careful scrutiny and analysis before they are made, with prior approval required from the Minister for Finance in all cases. It will be many years before Nauru is in a position to borrow anything other than concessional finance, but this legislation should ensure that the wasteful borrowing of past administrations is not repeated.

Mr. Speaker, Nauru's private sector has historically been undeveloped, with the government providing services that in most other countries would be provided by the private sector. In Nauru's current circumstances, it is important to encourage private sector activity to increase employment and to provide a greater range of services to the Nauruan people. The lack of a commercial bank on Nauru is a significant hindrance to private sector development, with potential entrepreneurs unable to access credit. In 2007-08, AusAID and UNDP will fund and/or administer a small business development fund that will provide seed funding to new small businesses on a micro-finance basis. A Small Business Incubator will also be established to provide technical and advisory support to new business start-ups. The Government will also continue its efforts to attract a commercial bank to operate on Nauru. The Government is also in negotiation with the Western Union cash transfer agency to establish a cash transfer facility on Nauru, which will facilitate the transfer of money to and from Nauru.

The Government will also continue its efforts to develop opportunities for Nauruans to find short-term employment opportunities overseas, through avenues such as the New Zealand seasonal labour scheme.

Mr. Speaker, many of our people are looking to this Budget to see how their livelihoods will be improved over the next 12 months and beyond.

Let me attempt to simplify the earlier figures and remarks by answering the question that is obvious in the mind of each Nauruan, and that is what's in it for me in 2007-2008?

You, the Nauruan, get:

- An increase in wages for public servants,
- Better schools, better teachers, better curriculum, more school resources for the whole of the education system and that includes Kayser College,
- Better support for our scholarship and private students in Fiji,
- A better hospital, better medical services, more doctors, more Nauruan funds for pharmaceuticals,
- More buses for public transport,
- Dedicated transport for dialysis patients,
- Dedicated transport for the disabled,
- Welfare payments for the disabled,
- Continued welfare payments for those retrenched last year,
- Continued welfare payments for the aged,
- Continued assistance to Churches for Christmas celebrations,
- Better, and cheaper, national and international communications through introduction of wireless telephones and internet,
- Better communications and increased public service efficiencies through a new ICT department,
- More assistance for public service reforms for better delivery of public services,
- More training for public servants to improve capacities, performances and public service delivery,
- 2 Ruston generators that will lift power generation capacity and effect more reliable power using less fuel,
- Nation-wide distribution of new gas cookers,
- More fuel funding by Nauru and less fuel funding by donors,
- \$280,000 for a small business development fund,
- Better sports facilities, including \$ 120,000 for the renovation of current district sports courts and these are in Uaboe, Denigomodu, Aiwo, Yaren, and Meneng;
- Rice that is up to 60% cheaper than present prices,
- An update of the landowners' list,
- A new workshop for the Department of Transport,
- Recruitment of 2 expatriate qualified auditors,
- Relocation of our Melbourne Office to Brisbane, making it more accessible to our people (especially public servants) travelling out of Nauru, and strengthening linkages between Australia and Nauru,
- Reduced fees for police clearance certificates,
- Cheaper aviation fuel for the airline,
- More revenues from fisheries due to institutional reforms,
- More royalties from sale of phosphate,

## QUESTIONS WITHOUT NOTICE

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- More technical support for SOEs to enable them to produce annual reports and financial statements, thereby improving services to the public, and delivering dividends in the longer term,
- Televised coverage of the South Pacific and Olympic Games,
- A debt management unit in the Ministry of Finance to track and monitor national debt,
- A second roundtable meeting of donors, and
- Funds to celebrate the 40th Anniversary of Independence.

Mr. Speaker, in concluding today's budget has the breadth and maturity that only a government with the experience of extensive reform can bring. It continues the process of consolidation that has seen Nauru move further and further away from the crisis and disruption of past administrations. It provides benefits to all Nauruan citizens and it creates a foundation for further reforms that will strengthen Nauru's economy and prepare the Nauruan people for the future. With these words, Mr. Speaker, I am pleased to commend this budget to the House.

**Mr. Speaker:** Honourable Members, under Standing Order 159, the debate on the question shall be adjourned to a future date.

**Mr. Pitcher (Minister for CIR-Ubenide):** Mr. Speaker, I would like to seek leave to present the Accommodation Registration (Amendment) Bill 2007.

**Mr. Speaker:** Members, is leave granted? Leave is granted.

**Mr. Pitcher (Minister for CIR-Ubenide):** Mr. Speaker, I move to present the Accommodation Registration (Amendment) Bill 2007.

**Mr. Adeang (Minister for Finance-Ubenide):** Second eiy.

**Bill read a first time.**

**Mr. Pitcher (Minister for CIR-Ubenide):** Mr. Speaker, I move that the Bill be read a second time.

**Mr. Adeang (Minister for Finance-Ubenide):** Second eiy.

**Mr. Pitcher (Minister for CIR-Ubenide):** Tubwa, Mr. Speaker.

Mr. Speaker, today I would like to introduce the Accommodation Registration (Amendment) Bill 2007 into the Parliament.

From 1 July 2007, the government has decided to increase the bed tax from \$5 per night to \$10 per night. This rate is consistent with similar taxes in overseas jurisdictions and will apply to all hotel or guest-house style accommodation provided in Nauru. This cost will be passed on directly to customers. The increase in the rate is expected to generate additional revenue of \$180,000 per year from 2007-08 onwards.

Mr. Speaker, I recommend the Bill to the House.

**Mr. Speaker:** Members, pursuant to S.O. 159 further debate on the Bill will be adjourned until a future day. Members are there any other motions?

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, I present the Customs Tariff (Amendment) Bill 2007.

**Mr. Pitcher (Minister for CIR-Ubenide):** Secunder.

**Bill presented and read a first time.**

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, I move that the Bill be now read a second time.

**Mr. Pitcher (Minister for CIR-Ubenide):** Secunder.

**Mr. Adeang (Minister for Finance-Ubenide):** Mr. Speaker, I would like to introduce the Customs Tariff (Amendment) Bill 2007 to the Parliament. This Bill will effect the three customs duty changes announced in the 2007-08 Budget.

One is the import duty increase; the government has decided to increase the current 5% import duty to 7% from 1 July 2007. There will be increases of one percentage point in each succeeding year through to 2010-2011.

The increase will cause only a modest rise in retail prices but is a vital step in ensuring long term financial sustainability for Nauru.

Two is the introduction of a sugar levy, from 1 July 2007, an excise at the rate of 30% will apply to sugar, confectionary, carbonated soft drinks, cordials, flavoured milks and drink mixes.

The government's intention in introducing this measure is to discourage excessive consumption of sugar. Households will experience no increase in the price of the products that make up a normal, healthy diet.

As an offset to the tax, the current duty on imports of bottled water will be lifted.

Three is the increase in the fuel excise, the government has decided to increase fuel excise by 10 cents per litre for petrol and five cents per litre for diesel bringing the rate of excise for both fuels to 60 cents per litre. The introduction in 2006-07 of fuel allowances for district communities at wholesale rates from the Bank of Nauru should ensure that fishermen who depend on petrol for their outboard motors are not affected by this increase.

I recommend the Bill to the House, Mr. Speaker.

**Mr. Speaker:** In pursuance of Standing Order 159 debate on the question shall be adjourned to a future date. Are there any other motions?

**Mr. Scotty (President-Anabar/Ijuw/Anibare):** Mr. Speaker, ateng kongon bwe ang nim leave the rest of the Orders of the Day on the notice paper, me ateng kongon bwe won indulgence Members bwe anim dugin ata epo.

So, Mr. Speaker, I move that the House at its rising do adjourn until a time and date to be set by the Chair.

**Mr. Adeang (Minister for Finance-Ubenide):** Anga second eiy.

**Mr. Speaker:** The question is that Parliament at its rising do adjourn until a time and date to be fixed by the Chair.

**(Question resolved in the affirmative)**

**Mr. Scotty (President-Anabar/Ijuw/Anibare):** Mr. Speaker, I move that the House do now adjourn.

**Mr. Adeang (Minister for Finance-Ubenide):** Seconder.

**Mr. Speaker:** Members, the question is that the House do now adjourn.

**(Question resolved in the affirmative)**

**Mr. Speaker:** Parliament stands adjourned until a time and date to be fixed by the Chair.

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