

**Votes & Proceedings
of the
Fifteenth Parliament**

No. 50

**First Sitting of the Eleventh Meeting
Thursday, 26th August 2004**

2.00 p.m.

1. The House met at 2.00 p.m. in accordance with the resolution made on Thursday, 15th July 2004.
2. The Hon. Russell Kun, Speaker of Parliament, took the Chair and read Prayers.
3. **Statement from the Chair**

The Hon. Russell Kun, M.P., Speaker of Parliament, made the following statement to the House:-

“Honourable Members, when advised unexpectedly by the President yesterday to convene Parliament today, I was a bit reluctant and uncomfortable after sighting disturbing placards publicly displayed on the fence of the airstrip by our people in protest with regards to non-availability of money in the Bank and demands for payment of wages, also considering the fuel crisis the island is facing, and that there has been no public notice or update from government on these urgent matters, and of course, the current status of the GE refinance.

The President, however, convinced my office that the sitting today is to seriously address these urgent matters of public importance before his departure on official business to Australia tomorrow.

On this assurance by the President, I can only hope this sitting will be swift and focus on such matters of public importance.

To avoid wasting the people’s time, the Chair will not tolerate any unnecessary bickering and below the belt line of questioning or any Pontius Pilate tactics from Members, but again focus on the serious matters of public interest.

I wish to further continue my statement to deliver before this august House with respect to the Parliament resolution handed down on the 21st May 2004.

I wish to announce before this august House that, as per the direction of the Parliament resolution dated 21st May 2004, the Office of the Director of Public Prosecutions, within its powers, on the 18th August 2004, entered a nolle prosequi under Section 46 of the Criminal Procedure Act 1976, by staging and informing the Court in writing that “...the criminal proceedings against all those involved in the public protest on the 22nd and 23rd April 2004, shall not continue.”

And thereupon, the accused person or persons shall be at once discharged in respect of the charge or charges for which the nolle prosequi was entered.

I therefore submit before this august House that the criminal charges against the following Members of Parliament have been discharged by the District Court -

1. *The Hon. David Adeang, M.P.*
2. *The Hon. Kieren Keke, M.P.*
3. *The Hon. Fabian Ribauw, M.P.*
4. *The Hon. Baron Waqa, M.P.*

However, it should be clarified before this august House that such discharge, pursuant to the provisions of Sections 46 of the Criminal Procedure Act, of an accused person or persons shall not operate as a bar to any subsequent proceedings against them on account of the same facts.”

The Chair, with the concurrence of the House, suspended the sitting for five minutes and will resume at the ringing of the bells.

Resumed.

The Chair, upon a compassionate request from Members of the House, further suspended the sitting for one hour and will resume at the ringing of the bells.

Resumed.

4. Message From the President

His Excellency President Ludwig Scotty, M.P., informed the House of the appointment of Hon. Fabian Ribauw as Minister Responsible for Nauru Phosphate Royalties Trust.

The House was suspended and will resume when the bell rings.

Resumed.

5. Notices of Motions

- (i) The Hon. Dr. Kieren Keke (Minister for Health) gave notice that at the next sitting of Parliament he shall present the Anti Money Laundering (Amendment) Bill 2004.
- (ii) The Hon. Dr. Kieren Keke (Minister for Health) gave notice that at the next sitting of Parliament he shall present the Counter Terrorism And Transnational Organised Crime Bill 2004.
- (iii) The Hon. Dr. Kieren Keke (Minister for Health) gave notice that at the next sitting of Parliament he shall present the Financial Transaction Reporting Bill 2004.
- (iv) The Hon. Dr. Kieren Keke (Minister for Health) gave notice that at the next sitting of Parliament he shall present the Corporation (Amendment) Bill 2004.

6. Questions Without Notice were asked.

7. Ministerial Statements & Tabling of Papers

(i) The Hon. David Adeang (Minister for Foreign Affairs) made the following statement on “Meeting With the Australian Government” to the House:-

“Mr. Speaker and Honourable Members, I would like to take this opportunity to report to the House that on July 23, I met with the Australian Government in the persons of, firstly, the Immigration Minister Amanda Vanstone, followed by the Foreign Minister Alexander Downer.

I was accompanied by the Acting Secretary for Foreign Affairs and the Acting Secretary for Finance; the former because of the diplomatic nature of the talks, and the latter because of the expectation that financial issues would be an important feature of our discussions plus the fact that we would be meeting the Australian Treasury and finance officials to be deployed to Nauru.

While I cannot divulge certain details of our talks given their sensitivity and especially their incomplete nature, I am pleased to report that the Australian Government stands ready to assist us with lasting solutions to Nauru’s long term issues. I was most encouraged with the Ministers’ continued concern for Nauru, our issues with good governance and reforms, our people’s present hardships and, of course, how Australia could find more permanent solutions to our most difficult development challenges.

It is, of course, our continued responsibility as leaders of Nauru to advance reform plans that have become an absolute necessity today in order to correct structural deficiencies. By doing so, we show those who are ready to lend a helping hand that we, the leaders of Nauru, finally accept our realities and the need to make the hard decisions for a better Nauru.

Mr. Speaker and Honourable Members, unfortunately, the most promising developments arising from our talks will in all likelihood need to await the outcome of the elections in Australia, the dates for which are yet to be announced.

Let me say at this time that there have been reports in the media of secret talks held in Adelaide between our two governments, but I hasten to say that it is not in Nauru’s interests to be publicly divulging the details of high level talks held in confidence.

I have, of course, briefed Cabinet and caucus on some aspects of the talks and I stand ready to do so for the Honourable Speaker and other Honourable Members at a time and date to our mutual convenience. Perhaps the Chair may be kind enough to organise an informal gathering through which Honourable Members may discuss these matters in private.

Nevertheless, it should be clear to us all that Australia and Nauru have embraced on a deeper, more engaging and ultimately more rewarding relationship, a relationship which this august House triggered by unanimously passing the Facilitation of Australian Assistance Act 2004.

Perhaps there is no better indication of this more engaging relationship than the revised and, I should say, elevated designation of the Australian Consul-General as Special Representative to Nauru. This was an immediate outcome of the ministerial talks, the success of which were assured by the personal efforts of, and the assistance extended to me and my delegation by the Australian Special Representative to Nauru, Mr.

Colin Milner. *I extend my personal thanks and those of the Government of Nauru to Mr. Milner.*

I take this opportunity on behalf of Government to especially thank you, Mr. Speaker and Honourable Members, for helping to pave the way forward for a brighter future for the people of Nauru; your Government is confident that our continued co-operation on matters of national interest will strengthen, not only national unity but also our nation's prospect for stability, security and prosperity. Thank you.

(ii) The Hon. Dr. Kieren Keke (Minister for Health) made the following statement on "National Co-ordinating Committee for Countering Money Laundering and the Financing of Terrorism" to the House:-

"Honourable Members, I wish to inform the House of Government's establishment of a "National Co-ordinating Committee for Countering Money Laundering & the Financing of Terrorism" (NCC).

As you are well aware, the Financial Action Task Force (FATF) of the Organisation for Economic Co-operation and Development (OECD) has had Nauru on the list of Non Co-operative Countries and Territories (NCCT) for some years and the United States of America has placed sanctions on financial transactions of Nauru under the powers of the USA Patriot Act.

The listing of Nauru on the NCCT and the financial sanctions severely limit the Republic's ability to transact financial business internationally, prevents the establishment of reputable commercial banking services on Nauru and damages Nauru's international reputation.

Money laundering and the financing of terrorism are significant international issues and co-ordinated action is needed to ensure Nauru's compliance with international standards against money laundering and the financing of terrorism and to ensure Nauru is removed from the NCCT list and that any financial sanctions are lifted.

Government has placed a high priority on addressing the listing of Nauru on the NCCT list and has instructed all relevant agencies to take appropriate action to ensure Nauru's compliance with international standards and FATF recommendations. The removal of Nauru from the NCCT list will open up our international financial transactions again and will allow a bank such as the ANZ, to immediately establish a branch on Nauru. Nauru's international reputation will also be lifted.

I am sure all Members will agree that it is in Nauru's best interest to ensure that we do all we must to comply with the recommendations of FATF and I trust that all Members will provide their full support for the passage of a series of Bills at the next sitting that will provide the necessary legislation to ensure Nauru is compliant with international conventions and recommendations and allow our removal from the NCCT list.

In order to best co-ordinate Nauru's actions in this mammoth and complex task, Cabinet has established a "National Co-ordinating Committee for Countering Money Laundering & the Financing of Terrorism". This is known as the NCC for short.

The NCC consists of myself as representing Cabinet and as Chairman of the NCC; Mr. Lionel Aingimea as Secretary for Justice; Mr. Peter Depta as Secretary for Finance; Mr. Jesaleunko Dowiyogo as Secretary for Foreign Affairs; Mr. Roland Kun as

Vice-Chairman of Nauru Agency Corporation. The NCC will be supported by Finance Department officials, Mr. Reagan Moses of Nauru Agency Corporation and Mr. Phillip Gagner, a lawyer based in Washington.

I have attached the terms of reference of the NCC for the information of Members.

The NCC has begun work in earnest and this includes preparing four pieces of legislation to present to Parliament. Nauru Agency Corporation has also recently provided FATF's APG with a report updating them on Nauru's progress and answering questions relating to companies registered with NAC. The NCC has also communicated directly with the APG to confirm requirements and time frames to meet the next FATF plenary in October and we continue to communicate with the US Embassy in Suva, US Treasury officials and Australian Treasury and other officials to ensure we do all that is required. We have also requested a 'face to face' meeting with the APG to present our case.

Again, I would seek the full assistance of all Members, in due course, to ensure that the necessary legislation to allow Nauru to be removed from the FATF black-list is passed without further delay. Thank you.

National Co-Ordinating Committee for Countering Money Laundering and the Financing of Terrorism (NCC)

Terms of Reference

A. Background

1. The Republic of Nauru recognises that -
 - money laundering and the financing of terrorism are significant international issues;
 - The Financial Action Task Force (FATF) of the Organisation for Economic Co-operation and Development (OECD) has listed Nauru on the list of Non Co-operating Countries and Territories (NCCT) and the United States of America has placed sanctions on financial transactions of Nauru under the powers of the USA Patriot Act;
 - Co-ordinated action is needed to ensure Nauru's compliance with international standards against money laundering and the financing of terrorism and to ensure Nauru is removed from the NCCT list and that any financial sanctions are lifted; and
 - The Asia-Pacific Group on Money Laundering (APG) objectives, nature and membership, as outlined in its Terms of Reference, are such that membership remains beneficial to Nauru.
2. The Republic of Nauru therefore hereby establishes a National Co-Ordinating Committee for Counter Money Laundering and the Financing of Terrorism (NCC).

B. Objectives

3. The NCC's objectives shall be to -

Policy Issues

- (a) Develop national policy on measures to counter money laundering and the financing of terrorism.
- (b) Co-ordinate national policies with regional and international initiatives.
- (c) Agree upon an action plan for the countering of money laundering and the financing of terrorism in Nauru.

Implementation and Compliance Issues

- (d) Ensure Nauru's compliance with -
 - FATF recommendations against money laundering and the financing of terrorism;
 - APG membership requirements; and
 - relevant United Nations conventions, resolution, declarations and action plans against money laundering and the finance of terrorism.
- (e) Develop and ensure the co-ordinated implementation of measures to counter money laundering based on the accepted international standards contained in FATF's 40 recommendations and/or any other relevant FATF or OECD recommendations.
- (f) Identify and remedy any overlap or discrepancy between the proposed system to counter money laundering and the existing system.
- (g) Create legislation and administrative structures for proper implementation of measures.
- (h) Ensure efficient and effective co-ordination of technical assistance and training.
- (i) Monitor the effectiveness of measures that have been implemented.

C. Meetings

4. The NCC will carry out these terms of reference as when required through regular meetings.

D. Nature

- 5. The NCC is an inter-agency group, established by Cabinet on the 26th day of August 2004.
- 6. The lead agency is the Cabinet of the Republic of Nauru and decisions are to be made by agreement of member agencies.
- 7. Each agency is to be responsible for conducting relevant research, provision of information, reporting on progress, and implementation of NCC decisions within their respective jurisdictions.
- 8. Costs incurred by member agencies pursuant to NCC activities will be borne by

each respective agency. However, costs incurred due to obligations of membership of the APG will be borne by the Republic of Nauru.

E. Membership

9. Membership of the NCC shall consist of the following representatives of the relevant agencies -

Hon. Dr. Kieren Keke, M.P. - Cabinet Minister
 Secretary for Justice
 Secretary for Finance
 Secretary for Foreign Affairs
 Vice-Chairman, Nauru Agency Corporation

F. Chairman of NCC

10. Hon. Dr. Kieren Keke, M.P., shall be the Chairman of the NCC.

G. Contact Points

11. The above listed representatives of each member agency shall be the central contact point within their agency for communication with other NCC members.

12. The central contact point persons shall relay all communications between member agencies and the NCC and ensure that the agency they represent is kept abreast of developments of other NCC members and vice-versa.

13. The NCC shall monitor a primary contact point for liaison with the APG from amongst its members. This contact point nominee shall ensure that the NCC and APG are kept abreast of each other's activities.

H. Changes to Terms of Reference

14. These terms of reference are subject to such changes as may be necessary and as approved by Cabinet.

(iii) The Hon. David Adeang (Minister for Foreign Affairs) made the following statement on "Australian Assistance" to the House:-

"Mr. Speaker and Honourable Members, under the provisions of the Facilitation of Australian Assistance Act 2004, I am pleased to report that Australia has deployed 3 officials to the Republic's Department of Finance.

Mr. Peter Depta, an official of the Australian Treasury has been appointed by the Cabinet as Secretary of Finance, and he joins us with his good lady, Kirsten and his two children, Sarah and Hannah. Mr. Depta has a Bachelor of Economics degree with first class honours from La Trobe University and awarded also the David Myer medal for highest achievement in Economics. He also has a Master of Commerce degree from Melbourne University. For about 16 years he has been economist for the Australian Department of Treasury.

Government has further appointed 2 advisors to assist the Finance Secretary, as their combined responsibilities relate to a broader range of reform not restricted to the Department of Finance. Mr. Dave Vosen has a double degree in Arts and Commerce from Deakin University and, apart from a brief period as a lecturer and tutor at Gordon Institute of TAFE, he has a background in budgeting work as senior budget and policy advisor to the Australian Department of Finance and Administration. I understand that he is joined today by his partner to whom we extend a warm welcome also to our pleasant island.

Mr. Nicholas Loan, advisor to the Finance Secretary, has a Bachelor of Arts from the University of Adelaide and the College of William and Mary (Virginia, U.S.A), and a commerce degree also from the University of Adelaide. Mr. Loan has a background in reform of state-owned enterprises, having advised the Australian Government on financial performance of government business enterprises, corporate governance, business reviews, ownership options, asset sales and audit investigation into contractual breaches.

I am further pleased to report to the House that the finance team reports weekly to myself as Minister on their weekly activities through a 'state of play' document that indicates also their targets for the forthcoming week. They have submitted, and Cabinet has approved, a formal submission for the 'Adoption of Guiding Principles Underpinning Further Cabinet Decision-Making and the 2004-2005 Budget and Forward Estimates' ; plus another proposal to further refine the budgetary process to focus Cabinet on issues of key national significance.

As part of their familiarisation, and in accord with their brief to assist government identify national priorities they have met key stakeholder in government and, in some cases, have also initiated more specific reform plans of government.

For instance, work has already commenced to look at Nauru's options for privatising the supply of fuel, so that government can focus instead on providing essential services like health, education, law and order, with the private or commercial sector providing those services most suited to entrepreneurship. Government looks forward to receiving their advice in order to decide what is in the best interests of Nauru.

Let me remind Honourable Members that the finance team is deployed to provide urgently required technical assistance, essentially providing advice to decision-makers, namely government, to assist us make informed decisions for Nauru with the benefit of their experience and expertise. Whilst there may be high expectations of them, these should not be unrealistic. There is no basis, for instance, of presuming that their stay with us guarantees a windfall of cash to government; rather, that making decisions on an informed and considered basis with their advice helps put Nauru on the right track to finding more permanent, more lasting solutions to our long-standing problems.

In concluding, I take this opportunity to welcome Mr. Peter Depta, Mr. Dave Vosen and Mr. Nicholas Loan, and their families to our pleasant island, with every wish for an enjoyable and successive stay with us. Thank you.

Mr. Akua (Anabar/Ijuw/Anibare) moved that the paper be noted.

(iv) The Hon. Dr. Kieren Keke (Minister for Health) made the following statement on "Recent Trip to Fiji" to the House:-

“Honourable Members, I wish to inform the House of my recent trip to Fiji from the 19th to 24th August 2004.

1. Purpose of Trip

- (a) *To attend the 2nd Pacific Ministerial Meeting on Women*
- (b) *Meetings also arranged with -*
 - (i) *USA Embassy in Suva*
 - (ii) *ADB South Pacific Sub-regional Office in Suva*
 - (iii) *Mrs. Iloi Rabuka - Principal, Fiji School of Nursing*
 - (iv) *Ausaid, Suva Office*
 - (v) *Dr. Ken Chen, WHO Regional Representative*

2. 2nd Pacific Ministerial Meeting on Women

The meeting was held on the 19th and 20th August in Nadi, Fiji. Due to flight schedules, I arrived in the late afternoon of the 19th and so missed the first day of meetings. However, I was officially represented by Nauru’s High Commissioner to Fiji, H.E. Dr. Ludwig Keke, as head of delegation on that day. Upon my arrival in Nadi, I was met by the High Commissioner and was briefed on the meeting progress by the High Commissioner and Nauru’s Director of Women’s Affairs, Ms. Joy Heine, who had attended as part of the Nauru delegation and had represented Nauru at the preceding 9th Triennial Conference on Women held in Nadi from 16th to 18th August. This was the officials’ level meeting that made the preparations for the ministerial meeting.

An ‘Evaluation of the Thirteen Critical Issues and the Status of Pacific Women 1994-2004’ was presented during the meeting as well as detailed reviews relating to gender equality, globalisation and trade, HIV/AIDS, government Budgets and gender equality, migrant women workers, tradition and religion and a review of the implementation of the Pacific Platform for Action.

Various development partners made presentations including UNIFEM, ADB and the Republic of China (Taiwan), as well as presentations on the UN Millennium Development Goals and the Commonwealth Plan of Action for General Equality.

The meeting concluded with a detailed review and final adoption of the -

- (i) *“Revised Pacific Platform for Action on Advancement of Women and Gender Equality 2005 to 2015”*
- (ii) *“Ministerial Communique” on the 2nd Pacific Ministerial Meeting on Women*
- (iii) *“The Nadi Declaration”*

The “Revised Pacific Platform for Action on Advancement of Women and Gender Equality 2005 to 2015” will form the basis for the Pacific’s presentation at the upcoming Asia-Pacific Ministerial Meeting on Women in Bangkok, Thailand and will be the base for seeking development assistance in Women’s Affairs for the Pacific.

3. Meeting with US Ambassador Lyons in Suva - 23rd August

I met with Ambassador David Lyons and acting Deputy Chief of Mission, Mr. Ted

Seay on Monday morning at 10 a.m. I was accompanied by Nauru's High Commissioner to Fiji. The meeting finished at 11.20 a.m.

Several issues were discussed during the meeting including FATF, the Millennium Challenge Account, Air Nauru and the EXIM court case, US scholarships for Nauruans, the sale of Nauruan passports, and Nauru's off-shore processing centre. The meeting concluded with assurances of close and friendly co-operation between our two countries.

4. Meeting with ADB South Pacific Sub-regional Office

I met with Sirpa Jarenpaa, Regional Director of the newly established ADB South Pacific Sub-regional office on Monday 23rd August. Ms. Jarvenpaa had limited knowledge of Nauru and our past relationship with the ADB but was very interested, friendly and expressed a clear desire to assist. A lot of the discussion was my detailing Nauru's current problems and the hardships and true poverty being faced by our people. We also touched on the previous efforts of ADB in Nauru and the reasons for ADB's last departure.

I expressed Nauru's desire for the ADB to be involved with the package of support being developed by the Forum to assist Nauru in this economic crisis. The ADB Regional Director expressed her support for this request.

5. Meeting with Fiji School of Nursing

Mrs. Iloi Rabuka cancelled this meeting as she was out of town on business.

6. Meeting with Stacey Tennant - Ausaid, Suva Office

I met with Ms. Tennant on Sunday afternoon at the Nauru High Commissioner's Residence. We discussed the Health department trainees' program and the Ausaid scholarship scheme for Nauru in general raising various issues at the request of the Ministry for Education.

The Secretary for Health will be following these talks up further during his meeting with Ms. Tennant in Suva tomorrow.

7. Dr. Ken Chen - WHO Representative

I met with Dr. Ken Chen, the WHO representative for the South Pacific on Saturday evening. We discussed current health issues affecting Nauru and our needs and how WHO could best assist Nauru. We also began to discuss issues relating to the WHO Regional committee meeting to be held in Shanghai next month which will determine WHO programs for the Asia Pacific region, including Nauru.

8. Opportune Discussions/Meetings

I had the opportunity to meet various people and had informal discussions on a range of topics relevant to Nauru.

Some of the people met included the Prime Minister of Tonga, various other Ministers from the Pacific region, and a representative of the Global Fund which provides assistance in the areas of tuberculosis, HIV/AIDS and malaria. Following our discussions, it was agreed that Nauru would be invited to join the next round of talks for funding assistance to the Pacific region, which will now include Nauru.

Funding

This trip including all travel, accommodation and per diem was fully funded by SPC with no Nauru Government supplementation. Humbly submitted for the kind information of the House.

Mr. Akua (Anabar/Ijuw/Anibare) moved that the paper be noted.

(v) The Hon. David Adeang (Minister for Foreign Affairs) made the following statement on “Assistance From China” to the House:-

“Mr. Speaker and Honourable Members, I am pleased to report that with deep appreciation to the Government and people of the People’s Republic of China, your government is in receipt of the USD1 million that is a result of the agreements signed in the margins of the Apia Forum by His Excellency the President, and China’s Vice Minister of Foreign Affairs.

In the interest of transparency, these funds are equivalent to approximately AUD1.3 million.

Your government is mindful of course that funds are scarce, and will continue to be scarce for some time well into the future and that, therefore, we should be conserving our funds as much as possible. Government has therefore decided to commence next week the following payments as part-payment of salaries to government workers;

<i>By no later than Friday 3rd September</i>	<i>Public Service</i>	<i>\$200 Ceiling P.P.</i>
	<i>Other entities</i>	<i>\$50</i>
<i>2 weeks later/Friday 17th September</i>	<i>Public Service</i>	<i>\$50</i>
	<i>Other entities</i>	<i>\$50</i>
<i>2 weeks later/Friday 1st October</i>	<i>Public Service</i>	<i>\$50</i>
	<i>Other entities</i>	<i>\$50</i>
<i>2 weeks later/Friday 15th October</i>	<i>Public Service</i>	<i>\$50</i>
	<i>Other entities</i>	<i>\$50</i>

They also allow Government to purchase a shipment of fuel on or about Wednesday, 1st September to the value of approximately AUD300,000 and also allow Government to assist to the extent possible our overseas students’ critical accounts to settle their unpaid accounts and get on environment at least until the end of the school year.

This has also allowed for the retrenchment of 8 staff in Melbourne, one at Islander’s Place and 7 at the Consulate-General with a payment of approximately AUD72,000 in redundancy packages, together with reduced working hours for some of those employees remaining, significant savings will be achieved of approximately 60% of previous annual costs of maintaining a presence in Melbourne.

With significant debts existing already to numerous creditors, our funds are practically already exhausted.

Through Honourable Members, I urge each and every recipient of the cash payments to be as conservative as possible, and each and every one of our people to continue to exercise the greatest restraint in budgeting for their livelihoods.

I should say also that apart from the initial part-payments of salaries commencing

next week, further fortnightly payments will be based on workers' recorded attendance at their workplace. Those who fail to attend work will find themselves denied cash remuneration.

In conclusion, I thank honourable Members for their attention.

(vi) The Hon. Baron Waqa (Minister for Education) made the following statement on "Education School Buses" to the House:-

"Honourable Speaker, school buses are an absolute necessity in ensuring our children get to school and home safely, among other things.

The Department of Education operates four mini buses which two have been sitting idle in need of spare parts, while Public Works has four with two in full service. The other two are also in need of parts.

The strain on these buses to transport over 2,000 students is so great that it is quickly taking its toll on the whole structure and mechanics of these buses and if not provided with parts soon would just drive themselves to a complete halt.

This problem has been a concern for government for some time, particularly, with the prevailing financial constraints, that it is unable to provide the necessary parts.

Speaker, I am pleased to say, and indeed with deep gratitude that His Excellency the President in realizing this problem, together with the management of the Meneng Hotel unselfishly donated their two unserviceable buses that are ready for disposal to the Department of Education.

Honourable Speaker, I am happy to report that we now have three Education buses in service and have been assured by Public Works to expect the fourth bus to be up and running within the next week or two.

Mr. Speaker, the children of our beloved nation are the ones who benefit from unselfish gesture and concerted efforts shown by all concerned here.

(vii) The Hon. Fabian Ribauw (Minister Responsible for NPRT) made the following statement on "Update Concerning GE Capital" to the House:-

"Mr. Speaker, I stand before the House in order to provide its Honourable Members with an update concerning GE Capital.

For the sake of clarity, I will update the House in three ways namely; (a) Where Nauru and its asset portfolio currently stands; (b) The attempts currently being made to safeguard the balance of Nauru's portfolio; and (c) The future prospects of successfully refinancing the balance due to GE Capital.

(a) ***Where Nauru and its asset portfolio currently stands***

By virtue of the appointment of Receivers and Managers by GE Capital in April of this year, the Republic has suffered from the sale of its Sydney based assets.

The ability of providing detailed and accurate figures to the House is difficult given the current attitude of the Receivers and Managers in refusing to provide to Nauru any accounting, not only for their time but also in regards to the sale of the Republic's assets. I respectfully inform the House that it is the understanding of this Government that the Mercure Hotel on Broadway was sold by the Receivers and Managers in June of this year at a gross price of \$80 million. The sale was effected to the Schwartz family.

It is also understood the Randwick Shopping Centre, an investment of the Republic of Nauru, RONFIN and the Super Board, has been sold to the AMP Group in late July early August at a price of \$85 million. Whilst under contract, it is our understanding that settlement of this transaction will occur in mid September of this year.

Mr. Speaker, in general terms, the resultant effect of the sale of the Mercure and the Royal Randwick Shopping Centre will mean a reduction in the amount the Republic owes GE Capital in the vicinity of \$165 million. This needs to be understood in connection with the amount due to GE Capital in April of this year which stood at \$240 million. After allowing for the associated costs involved with selling property in Australia, as well as the costs of the Receivers and Managers, which is estimated to be \$10 million, Nauru has reduced the amount due and payable to GE Capital from \$240 million to approximately \$90 million.

Honourable Members, unfortunately GE Capital is not the only issue that this Government has been forced to deal with in its attempts to protect the asset portfolio of the Republic of Nauru. In addition to GE Capital, the Republic faces a significant threat from Business Australia Corporate Finance (BACF) represented by Messrs. Ian Lazar and George Markos.

Nauru's ability to expediently refinance the GE Capital debt has been hampered by the actions of BACF in placing caveats upon the same assets that were secured in favour of GE Capital purporting to secure their entitlement to a \$40 million claim the Republic is meant to owe.

Honourable Members, I will further touch on this point in the remainder of this Ministerial Statement.

(b) The attempts currently being made to safeguard the balance of Nauru's portfolio

Upon this Government taking office in June of this year, the previous Government had entered into a refinancing proposal with an organisation known as Babcock & Brown.

Upon review, this Government was left with little alternative but to agree with the actions of the previous government in the attempt to safeguard the Royal Randwick Shopping Centre within Nauru's investment portfolio. It must be stated however, that this Government in reviewing the alternatives available to it, were extremely concerned at not only the extremely high level of commission and associated payments to Babcock and Brown, but also the dangerous and somewhat unrealistic loan reduction timetable that Babcock and Brown expected the Republic of Nauru to meet.

However, as stated, despite having entered into an agreement with Babcock and Brown, the sale of the Randwick Shopping Centre was effected and consequently it has been necessary to renegotiate the terms of the Babcock and Brown agreement in light of the changed environment.

On 9th August of this year, Babcock & Brown provided to the Nauru Phosphate Royalties Trust a revised refinancing proposal intended to provide short term relief to the Republic through the securing of the remaining assets, namely Nauru House, Savoy Park Plaza Hotel, Downtowner Hotel and Raytheon Building in favour of a special purpose vehicle created and controlled by Babcock & Brown.

Upon review of the intended proposal and with the benefit of expert legal advice in Melbourne, it was found such an agreement did not provide the Republic with the necessary safeguards to ensure the long term retention of its Melbourne based assets. In fact, if the Republic had agreed to the proposal, it would have meant that within the next six months not only the Savoy and Downtowner Hotels would have been sold, but Nauru House would have been sold at values which would have left Nauru with zero equity at its completion. Hardly an acceptable agreement.

Mr. Speaker, this government has not and will not take expedient steps when endeavouring to safeguard the Republic's asset portfolio, which it holds in a custodian relationship on behalf of the people of Nauru. In same ways, Mr. Speaker, expediency has been the very reason why the Republic currently finds itself in the situation it is in today.

Given the non-commercial reality surrounding the Babcock & Brown revised proposal, my government has been looking to terminate the relationship and the exclusive conditions contained therein as a matter of urgency. We do not wish for another legal case to be created that the Republic needs to face and fund. However, nor are we willing to allow the remaining assets within our portfolio to be foreclosed upon without every effort having been made to ensure their protection.

However, Mr. Speaker, it is not only Nauru's need to find a refinancier that represents its only challenge in protecting its asset portfolio. As stated previously, the Nauru Phosphate Royalties Trust has been forced to commence action in the Federal Court of Australia in order to remove the impediments created by BACF and their caveats. Without attempting to provide all legal arguments to the House, Nauru's position is that BACF's actions in placing caveats upon our properties is an expedient attempt, on behalf of BACF, to delay and hinder the Republic's ability to refinance.

In addition, it is Nauru's contention that BACF has no legal standing to place the caveats upon the properties and furthermore it is Nauru's absolute position that we do not owe BACF, or any related party, in excess of \$40 million.

Mr. Speaker, in defence of what I consider to be an unjustifiable attempt by BACF to lay claim for monies not earned by them, I reiterate that this government will not be coerced nor manipulated into a position where monies that are held on trust on behalf of the people of Republic of Nauru will be lost to individuals or organisations that have no valid claims and have been acting in a fraudulent manner.

Mr. Speaker, I must respectfully advise the House of my appreciation for members of the Nauruan community who in recent days assisted the barrister and solicitor appointed by the Nauru Phosphate Royalties Trust in strengthening the case of the Republic to remove the unsubstantiated claim of BACF from the record and remove the hindrance their claim represents to potential financiers.

It is unfortunate that whilst a number of Nauruan citizens are willing to fight and protect Nauru's interests against third party attacks, this cannot be said of all individuals that were required to meet with the barrister and solicitor in recent days. Nauru and its citizens must stand as one against such claims and in defence of them.

It is necessary for the case against BACF to be heard on an expedient basis before the Federal Court of Australia in order to allow the Republic to continue negotiations with the third party financiers to effect the repayment of monies due to GE

Capital. Financiers have expressed their concerns surrounding the existence of BACF's caveats and the fact they cannot quantify the amount due.

As stated, BACF's claim against Nauru was originally \$40 million and without the matter having been heard before the Court in full hearing, the claim has mysteriously and surprisingly been reduced to \$27 million. If Nauru is successful in having the hearing commence on 13th September 2004, it is the advice of our legal team that the claim against the Republic will be reduced further from \$27 million to approximately \$10 million, a figure which the Republic of Nauru agrees is payable to BACF not only for monies advanced but in safeguarding the Savoy Tavern site.

5. *The Future Prospects of Successfully Refinancing the Balance due to GE Capital.*

Mr. Speaker, advice has been received from Melbourne in recent days that Colliers International has been appointed as selling agent to Nauru House. Further advice has been received in this regard that the expression of interest period in regard to Nauru House will close on 30th September 2004.

In addition, whilst being unaware of the particular agent that has been appointed, it is my government's understanding that the receivers and managers seek to effect the sale of the Savoy Park Plaza Hotel by way of expressions of interest again closing on 30th September 2004 with the Downtowner Hotel to be sold by tender with the tender period to conclude on 30th September 2004.

This government continues to deal with a number of third party financiers who have represented to us their ability to effect the refinance within the time-frame required by the Republic. This government is reviewing its position with refinancing especially given the limited time frame before the possible sale of Nauru House. I will inform the House once the Republic has determined in dealing with such given the issues outlined in terms of exclusivity with Babcock & Brown and the need to quantify the expedient claim of BACF before the Federal Court as well as other relevant and important matters.

Mr. Speaker, Honourable Members, the ability of the Republic to deal with GE Capital is an ever-increasing one. Nauru's assets not only stem from expedient claims being made against it as well as credibility problems in the financial community associated with the Republic and its previous dealing with the Australian financial markets.

This government will continue to work with the underlying aim of achieving the most appropriate outcome not only for the Republic but for its people.

I will update the House in regard to the continued negotiations with the known third party refinanciers once further information is at hand. Thank you.

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

(viii) The Hon. Dr. Kieren Keke (Minister for Health), as Chairman of the Constitutional Review Convention, made the following statement to the House:-

"Mr. Speaker and Honourable Members, I wish to inform the House that the Constitutional Review Committee held its inaugural meeting on the 13th of August. The meeting was opened by a speech from the Honourable Speaker, Russell Kun, M.P. The Speaker spoke on a couple of areas that clearly needed to be examined including the

process of the election of our President and the confusion surrounding Article 42 of the Constitution. The Speaker also advised the Committee of the need to define the procedure for holding a referendum on Nauru and the Committee shall also look into this matter.

The Committee proceeded to elect myself as Chairman of the Committee and Hon. Terangi Adam as Deputy Chairman of the Committee.

For the information of Members and the general public, the Committee has called for submissions from any and all interested persons both in Nauru or overseas on any issue they wish to raise in relation to Nauru's Constitution. Any person may make a submission in writing or in person to any member of the Committee or to the Committee Secretariat care of Mr. Sanjeev Sharma here in the Parliament building.

The Committee members include myself, Hon. Terangi Adam, Hon. Fabian Ribauw, Hon. Vinson Detenamo, Hon. Godfrey Thoma, Hon. Riddel Akua and Hon. Baron Waqa. Thank you.

(ix) The Hon. David Adeang (Minister for Foreign Affairs) made the following statement on "35th Pacific Islands Forum" to the House:-

"Mr. Speaker and Honourable Members, our President His Excellency Ludwig Scotty, M.P., recently led a delegation to the 35th Pacific Islands Forum held in Apia, Samoa. His Excellency was accompanied by Madam Scotty, the ADC, the Presidential Counsel, myself as Minister for Foreign Affairs, the Acting Secretary for Foreign Affairs, and Adviser to the Foreign Minister, the Chief Executive Officer of the Nauru Fisheries and Marine Resources Authority, the Chief Executive Officer as well as the Corporate Counsel of Air Nauru.

The Presidential and Ministerial delegation and officials were fully funded by the People's Republic of China, the NFMRA by Fisheries aid funds, and Air Nauru representatives by the National Airline.

I am privileged to report on behalf of Government that Nauru's request for urgent assistance was favourably received by leaders at the Forum. With your kind indulgence I wish to quote verbatim the view of Forum leaders as expressed through the Forum Communique.

"Leaders strongly supported Nauru's request for Forum assistance under the Biketawa Declaration recognising Nauru's economic crisis and the threats this posed to its security and national stability, and also Nauru's commitment to reform. Leaders noted the expression of appreciation of the Nauru President for the assistance provided by the region leaders, noted the generous assistance provided by Australia and some of the initiatives by the Secretary General, including the posting of a Forum representative to Nauru, and urged the Forum and the Development partners of the Region to mobilise resources to urgently assist Nauru in this regard. The Secretary General was tasked to work with the Government of Nauru as a matter of high priority to develop a proposal on how the Forum could assist and consult with Foreign Ministers before advising the leaders."

In progressing the wish of Forum Leaders that Nauru be treated with high priority, a Forum delegation that comprises at least the Forum's Deputy Secretary General will be arriving on Nauru on Tuesday 31st August, to begin discussing Nauru's

priority needs and how the Forum can be of assistance.

Moreover, as per the wish of Forum Leaders that the Forum appoint a representative in Nauru, we have mutually agreed to appoint a Nauruan to that position, Mrs. Chitra Jeremiah, who will be seconded from the Nauru Fisheries and Marine Resources Authority where she is presently serving as Secretary to the Board of Directors; the position of the Forum representative on Nauru will of course be funded by the Forum Secretariat, serving as Liaison between Nauru and the Forum co-ordinating Regional Assistance to Nauru under the framework of the Biketawa Declaration.

Also, as a further result of the Leaders' prioritisation of Nauru's case, an Economist/Statistician of the Secretariat of the Pacific Community will be arriving on Nauru tomorrow to begin assessing Nauru's gross domestic product. This is intended to quantify the true development status of Nauru as we have long been categorised as a high to middle income level country with subsequent difficulties for our negotiation of bilateral and multilateral assistance that matches our developmental requirements.

It is envisaged that further down the track, with Forum endorsement of an assistance package for Nauru, Forum member countries and development partners of the region will have the opportunity to contribute to the rebuilding of Nauru.

Mr. Speaker and Honourable Member, the Nauru delegation was touched by the warmth and sincerity in which leaders of the Forum region received Nauru's request, we may be heartened to know that we have many friends in the Forum Region. It would be remiss of me not to make special mention of the small island states of Kiribati, Tuvalu, Marshall Islands, Cook Islands and Niue who, through their Pre-Forum meeting, took the lead in advocating Nauru's plea for regional assistance.

Also, Papua New Guinea's Prime Minister has publicly declared financial support for Nauru despite his country's own difficulties, reflecting a genuine concern for the plight of his neighbours in Nauru.

At this time permit me to recognise the efforts of our Foreign Secretary who, in the absence of His President and the Foreign Minister who were both delayed due to Air Nauru's technical problems, took leadership of Nauru's technical problems, took leadership of Nauru's delegation upon his Minister's instructions and successfully put Nauru's case to the Small Island States leaders.

*Also, the document, **The Nauru Case: A Nation in Crisis**, was valuable to the presentation that His Excellency the President made to fellow leaders in requesting urgent assistance for his people. This was the fruit of many weeks of work by the former Secretary for Finance and, despite technical obstacles, the production and preparation was clearly of high order and assisted much to explain in detail Nauru's problems.*

It is my hope that all public servants will take these as examples by which to measure one's capacity to contribute significantly to our national welfare as professional public servants should, without fear or favour, and despite the hardships of home and office that befall us all.

Mr. Speaker and Honourable Members, let me not fail to thank especially the Government and People of Australia, whose leader, Prime Minister John Howard, was instrumental to the success of the Forum generally and, specifically, the success of the Nauru case. I will spare you the details but let me say that without the support of Australia, I assure this august House that as far as Nauru is concerned the Forum could

have been just another junket, an expensive waste of time and resources for a nation under crisis.

Let me conclude by congratulating His Excellency President Ludwig Scotty for his personal courage and humility in presenting Nauru's case to the Forum leaders. It was his first Forum as President of Nauru and I am duty-bound, as Minister for Foreign Affairs, to report that by all accounts, the key to the favourable reception in which leaders greeted Nauru's request was the sincerity, the personal courage, integrity and humility that our leader displayed.

Mr. Speaker and Honourable Members, with continued co-operation and collaboration by us all as leaders of our people, by working amicably, honestly and vigourously as a team that represents the interests of the people of Nauru, our present needs can be assured, and our longer term challenges resolved.

Thank you.

Mr. Akua (Anabar/Ijuw/Anibare) moved that the statement be noted.

(x) The Hon. Fabian Ribauw (Minister Responsible for NPRT) made the following statement on "Relocation of NPRT Office and Retrenchment of NPRT Staff" to the House:-

"Mr. Speaker, Honourable Members, I would like to make a brief statement on the above.

The Board of Trustees have approved the retrenchment of five positions within the Nauru Phosphate Royalties Trust, Melbourne Office's total staffing of ten, effective tomorrow Friday 27th August 2004.

This is a result of the reduced capacity and function of the Trust and is in line with the government's policy of right-sizing its workforce.

Honourable Members may please be advised that the Trust has arranged for the relocation of NPRT and Consulate Offices to 128 Exhibition Street in the city.

The savings in this relocation is enormous, Mr. Speaker, and combining this with the potential increase in revenue in letting out levels 49, 50 and 51 of Nauru House, Nauru is looking to receive a net benefit of at least 1.5 million per annum.

Mr. Speaker, this government is serious in its attempts to ensure that expending monies of the Nauruans is limited. It is also serious in ensuring for a maximum income from its assets.

For information of Honourable Members, we have gained access to the new office site and have arranged for the removalists to commence its work urgently.

It is envisaged that Nauru will be in a position to effect work from the Exhibition Street office at the earliest opportunity. Thank you."

8. Motion - The Illicit Drugs Control Bill 2004

The Hon. David Adeang (Minister for Justice) moved to present the Illicit Drugs Control Bill 2004.

The Hon. Baron Waqa (Minister for Education) seconded.

The Bill was presented a read a first time.

In accordance with Standing Order 158, the Minister will move for the second reading at a future day.

9. **Motion**

His Excellency President Ludwig Scotty moved that motion No. 2 on the Notice Paper be withdrawn; and that motions 3, 4 and 5 be adjourned to the next sitting.

Question put and passed.

10. **Motion - Leave Sought for**

The Hon. Fabian Ribauw (Minister Responsible for NPRT), as Chairman of the Select Committee of the "Passport Sales and Issue of Permanent Residence Certificates" sought leave of the House to move a motion.

Leave was granted.

11. **Motion**

The Hon. Fabian Ribauw (Minister Responsible for NPRT), as Chairman of the Select Committee of the "Passport Sales and Issue of Permanent Residence Certificates" moved the following:-

"I move to extend the dates for tabling of the Report of the Select Committee of the "Passport Sale and Issue of Permanent Residence Certificates" from 19th September 2004 to 31st December 2004".

The Hon. Baron Waqa (Minister for Education) seconded.

Debate ensued.

Question put and passed.

12. **Order of the Day No. 1 - Price Control Bill 2003
Resumption of debate on the question that the Bill be read a second time.**

13. **Motion of Amendment**

Mr. Akua (Anabar/Ijuw/Anibare) moved a motion to amend the Price Control Bill 2003 as follows:-

"I move that -

(i) in relation to Section 3(1), that the words "one, two or" be deleted so that the section now reads -

There is hereby established a board to be known as the Price Control Board. The Board shall consist of three members who shall be appointed by the Cabinet and shall hold office for a term not exceeding five years."

(ii) In relation to Section 9(4), that the words "as it deems fit" be inserted

after the word “Board” and before the word “shall”.”

Mr. Thoma (Aiwo) seconded.

Question on the amendment was put and passed.

Debate ensued.

Question put and passed.

The Bill was read a second time.

14. **Motion - Leave Sought for**

The Hon. David Adeang (Minister for Finance) sought leave of the House to move for the third reading of the Bill.

Leave was granted.

15. **Motion - Third Reading**

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

The Hon. Dr. Kieren Keke (Minister for Health) seconded.

Question put and passed.

The Bill was read a third time.

16. **Motion**

His Excellency President Ludwig Scotty moved that Orders of the Day Nos, 2, 3, 4 and 5 on the notice paper be adjourned and made Orders of the Day at the next sitting.

Question put and passed.

17. **Leave of Absence**

His Excellency President Ludwig Scotty sought leave of absence for the Hon. Marcus Stephen (Minister for IDI) who is overseas on government business and for Mr. Gioura (Ubenide) who is sick.

Leave was granted.

18. **Motion Fixing the Date for the Next Sitting**

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

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

Question put and passed.

19. **Adjournment**

His Excellency the President moved that Parliament do now adjourn.

Debate ensued.

Question put and passed.

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

Members Present

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

- | | |
|-----------------------|--------------|
| * Hon. Marcus Stephen | Mr. Clodumar |
| * Mr. Gioura | Mr. Detenamo |
| | Mr. Harris |

John Garabwan
Deputy Clerk of Parliament

* Leave of Absence