

REPUBLIC OF NAURU
NAURU TOURISM CORPORATION BILL 2019
EXPLANATORY MEMORANDUM

The *Nauru Tourism Corporation Bill 2019* is a Bill for the *Nauru Tourism Corporation Act 2019*.

This memorandum provides an explanation of the Bill and is only intended to indicate the general effect.

EXPLANATION OF CLAUSES

PART 1 – PRELIMINARY

Clause 1 provides that, once enacted, the short title of the Bill will be the *Nauru Tourism Corporation Act 2019*.

Clause 2 sets out when the Bill's provisions will commence which is upon certification by the Speaker.

Clause 3 defines certain terms used in the Bill.

PART 2 – APPLICATION OF THE BILL

Clause 4 provides for the general objectives of the Bill which are to not only establish the Nauru Tourism Corporation and its functions and powers, but to establish a legal and administrative framework to promote tourism development in the Republic; empower the Corporation to carry out and promote the sustainable development of tourism and ensure the participation of relevant government and community stakeholders in the development of tourism policies and resolution of issues arising from tourism development.

Clause 5 provides the principles to guide the interpretation and application of the Bill and to be given effect to. Such principles include:

- provision of sustainable socio-economic benefit of all stakeholders;
- recognition and respect for existing traditions and customary practices and contribution to inter-cultural understanding and tolerance;
- conservation and management of natural, social and cultural resources, biodiversity and waste management;
- support economic, socio-cultural and environmental protection through governance and infrastructure;
- international or regional commitments of the Republic in particular relating to ecotourism and the Blue Ocean Strategy;
- public safety and security are to be preserved; and
- consistency with the written laws of the Republic.

PART 3 – NAURU TOURISM CORPORATION

Clause 7 provides for the establishment of the Nauru Tourism Corporation. The Corporation is a body corporate that can sue and be sued, enter into contracts and other legal obligations, acquire, hold and dispose of real or personal properties and perform all powers, functions, duties and responsibilities of a corporation.

Clause 8 provides for the functions of the Corporation which shall include to:

- promote and market tourism;
- carry out and give effect to any policy directions of the Minister and the Cabinet in relation to developing the tourism industry;
- to prepare each a short and a long term tourism action plan;
- engage all sectors and stakeholders to work together to contribute to tourism development;
- develop and implement marketing strategies including prioritised market segments;
- to establish a brand or market distinct from other tourism destinations to be competitive both in the regional and the international tourism markets;
- drive the increase in the contribution of tourism for ongoing economic benefits through increases in tourist arrivals, tourism receipts and tourism investments;
- make recommendations and advise the Minister on matters connected with its functions; and
- perform such other functions or exercise such other powers conferred on the corporation under the Act.

Clause 9 provides for the powers of the Corporation to all things necessary, convenient or appropriate to be done, whether in the Republic or elsewhere for carrying out its functions.

Clause 10 provides that the Corporation is responsible to the Minister and for the Corporation to assist the Minister by providing necessary information in terms of the performance of their role and functions.

Clause 11 provides for the Board of Directors who shall consist of 7 members appointed by the Cabinet on the recommendation of the Minister. The Board consists of Directors who are representatives from Nauru Airlines, the community, hospitality industry and from the Menen Hotel. The Board consists of 3 ex officio members who shall be the Secretary for Home Affairs or his or her nominee, the Secretary for Multicultural Affairs or his or her nominee and the Secretary for Commerce, Industry and Environment or his or her nominee. The Directors shall be appointed for a term of not more than 2 years and can be eligible for reappointment.

Clause 12 provides that the Board must consist of suitably qualified persons who are experienced in the corporate arena in order to provide necessary knowledge and skills for the management of the Corporation. A person is disqualified if he or she is:

- an undischarged bankrupt or an individual who has an arrangement with any of his or her creditors;
- an individual who has been sentenced to imprisonment for a term of 12 months or more by a Court of the Republic or any other country and has not received a pardon in or outside of the Republic;
- an individual who lacks capacity in respect of his or her duties as a Director within the meaning of the Mentally-disordered Persons Act 1963; or
- a holder of an elected office.

Clause 13 provides for the meetings and quorum of the Board. The Board will regulate its own procedures for meetings. Each Director has one vote each and the decision of the Board has to be majority votes. The secretary shall maintain records of all minutes, records and proceedings of the Board meetings.

Clause 14 provides for the responsibilities and duties of the Directors. The Directors shall severally and jointly at all times act in the best interest of the Corporation and exercise reasonable care and diligence in the performance of their duties and functions, take reasonable steps through the processes of the Board to obtain sufficient information and advice about all matters to be decided by the Board and exercise discretion with respect to all matters to be decided by the Board.

This clause further provides that a Director does not breach any of his or her responsibilities and duties if he or she acted in accordance with a direction or requirement from the Minister under the Act.

Clause 15 provides for the vacation of office by a Director. The Minister shall by notice in the Gazette declare the office of the Director vacant if the Director:

- becomes bankrupt, applies to take the benefits of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors to assign his or her remuneration for their benefit;
- resigns from office in writing to the Minister;
- is elected to public office;
- is absent from 2 successive meetings of the Board except on leave granted by the Minister;
- fails to comply with his or her duties under the Act;
- is considered by a Board of not less than 2 health practitioners, appointed by the Minister, to be incapable of performing his or her duties efficiently; or
- is convicted of any offence involving fraud or dishonesty punishable on conviction with imprisonment for a term of 12 months or more.

Clause 16 provides for the allowances to be paid to the Directors to attend to the board meetings. The amount is to be fixed at a reasonable amount as determined by Cabinet.

Clause 17 provides that the Directors are to avoid conflicts of interests. Where the Board is dealing with a matter and one or more of the Directors have any conflict of interest they must disclose their interest which subsequently needs to be recorded.

Clause 18 provides that the Directors will not be personally liable if they act in good faith while exercising reasonable care and due diligence or under the directives of the Minister.

PART 4 – ACCOUNTS AND AUDIT

Clause 19 provides for keeping of accounts. The Corporation shall:

- (a) keep proper accounts and other records in relation to its operations;
- (b) prepare monthly statements of account and reports which shall be provided to the Minister and to the Secretary; and
- (c) prepare annual statements of account and reports.

Clause 20 provides that the Corporation shall have its own bank account with nominated signatories approved by the Board for the purposes of banking transactions.

Clause 21 provides for auditing of the accounts of the Corporation by an Auditor. This is to maintain transparency and accountability.

Clause 22 requires the Corporation to provide monthly accounts and at the end of each successive financial year to provide annual reports and accounts which must be forwarded to the Minister to be tabled in Parliament.

PART 5 – CHIEF EXECUTIVE OFFICER AND OFFICERS

Clause 23 provides for the appointment of a Chief Executive Officer to be responsible for the administration and daily management of the operations and business of the Corporation.

Clause 24 allows the Corporation to employ any person to assist the Corporation in exercising its powers and performing their functions under the Act.

PART 6 – MISCELLANEOUS

Clause 25 makes provision for breach of confidentiality by a Director that is, disclosing the trade secrets of the Corporation.

Clause 26 provides that any Board Director including the Chairperson and Chief Executive Officer who intends to submit a nomination as a candidate:

- in the general election must at least 3 months prior to the nomination submits their resignation from their position;
- in an election where Parliament is dissolved less than 3 years from the date of its first sitting and elections are held following that dissolution, he or she must resign within 5 days from the date the writ of elections is published under section 56 of the Electoral Act; and
- in a by-election, he or she must resign within 5 days from the date the writ of elections is published under section 56 of the Electoral Act.

Clause 27 provides for the jurisdiction of the District Court to hear and determine all offences under the Act and shall impose such powers and penalties for offences committed under the Act.

Clause 28 empowers the Cabinet to make regulations to give effect to the Act.