

Republic of Nauru – 20th Parliament

**Nauru Phosphate Royalties (Payment and Investment) Amendment
Bill 2011**

SECOND READING SPEECH

Hon Godfrey Thoma, M.P.
20 December 2011

Mr Speaker and Honourable Members,

I am pleased to introduce to the House today a Bill for an Act to amend the *Nauru Phosphate Royalties (Payment and Investment) Act 1968*. Since this proposal will effect an increase in the amount payable into the Nauru Land Owners' Cash Royalty Fund that originates from RONPHOS payout, I have sought the consent of the Minister for NPRT to present this Bill today.

The amendment I propose will increase the amount payable into the Nauru Land Owners' Cash Royalty Fund for each tonne of phosphate shipped from Nauru if, and only if, the price at which the phosphate is sold is \$120 per tonne or more.

Mr Speaker and Honourable Members, land owners should reap the benefits of increased phosphate prices. However, this should not occur if it will endanger the operations of RONPHOS. It is for this reason that the proposed increase would only occur for shipments of phosphate where a price of \$120 per tonne or more has been achieved. This will ensure Nauru's phosphate industry remains viable in the future and continues to bring benefits to the people of Nauru through the mining of phosphate.

The last increase to the amount per tonne payable into the Nauru Land Owners' Cash Royalty Fund occurred in 2008. This was a substantial increase, from \$4 per tonne to \$12 per tonne. The increase proposed today is more modest – from \$12 per tonne to \$14 per tonne. However, it is economically responsible, particularly as it is pegged to

the price of phosphate. If the price at which a shipment of phosphate is sold is less than \$120 per tonne, the amount payable into the Fund will not change – it will remain \$12 per tonne.

Mr Speaker and Honourable Members, the decision to introduce this Bill has not been taken lightly. I have received thorough advice about the economic viability of RONPHOS and the phosphate price at which an increase in royalties becomes possible. After careful consideration, the decision has been taken that, so long as the price of phosphate is \$120 per tonne or above, a modest increase in the contribution to the Fund of \$2 per tonne is possible without adversely affecting the phosphate industry in Nauru.

The increase proposed today balances the legitimate interests of land owners with the commercial reality of operating a successful phosphate industry. I know that with the like-minds of Member, we will support this small and important amendment.

I commend the Bill to the House.

Thank you, Mr Speaker.