

Republic of Nauru – 20th Parliament

RONPHOS (Amendment) Bill 2012

SECOND READING SPEECH

Hon Dominic Tabuna MP

6 November 2012

Mr Speaker,

It gives me great pleasure to introduce to the House today a Bill for an amendment to the *RONPHOS Act 2005*.

This is a Bill to update the governance structure of the RONPHOS Corporation to enable a modern, effective and efficient approach to be taken to the governance and operations of RONPHOS.

Currently, RONPHOS is governed by an Executive Committee which is comprised of executive and non-executive members who have mixed roles in relation to the governance and operation of RONPHOS. This Bill proposes to amend the *RONPHOS Act 2005* to replace the Executive Committee with a governing Board of directors and a Chief Executive Officer. This amendment will bring an important separation of the governance and the operation of RONPHOS. The Minister will continue to supervise the Board which will be subject to the Minister's direction.

The Board will be responsible for determining and controlling the policies and strategy of RONPHOS as well as actively monitoring and enquiring into all areas of the operation and management of RONPHOS. The Board must ensure that its policies and strategies are effectively implemented and that RONPHOS observes high standards of corporate and business ethics.

The Bill provides for the meetings of the Board and the procedures to be followed at those meetings which are retained essentially as they currently exist in relation to the Executive Committee.

The directors of the Board will be appointed by Cabinet on terms and conditions determined by Cabinet and there are eligibility criteria contained in the Bill, such as whether a person has been prohibited or disqualified from managing a corporation in any country. The Bill also contains detailed provisions in relation to the honesty and accountability required from a director. For example, a director who is proven to be culpably negligent in the performance of his or her functions commits an offence.

The Chief Executive Officer is to be appointed by the Board with the approval of the Minister and will be responsible to the Board for the operations of RONPHOS and the implementation of the Board's policies and strategies. The Chief Executive Officer is also responsible for the effective management of RONPHOS and for employing its staff. The Chief Executive Officer must report to the Board on all issues of significance to the Corporation.

In addition to the creation of the Board of directors, the Bill also enlivens the authority of the Director of Audit under the Audit Act 1973 to inspect, examine and audit the books, records and accounts of RONPHOS. The Director of Audit is also included as an approved auditor who may carry out the annual financial report as required under section 25 of the *RONPHOS Act 2005*.

Mr Speaker, the explanatory memorandum describes in detail each provision of the Bill.

I commend the Bill to the House.