

REPUBLIC OF NAURU
COMMERCIAL OPERATIONS AND SERVICES FUND BILL 2018

SECOND READING SPEECH

Honourable David Adeang MP

4 October 2018

Mr. Speaker Sir,

I have just introduced to this august House a Bill for an Act to establish the Commercial Operations and Services Fund.

Mr Speaker, the Republic's Treasury Funds are adequately protected under the stringent provisions of Articles 58 and 59 of the Constitution, the Public Finance (Control and Management) Act 1997 and the Treasury Fund Protection Act 2004.

Article 58 of the Constitution requires that all revenue and monies of the Republic must be deposited in the Treasury Fund. Article 59 of the Constitution provides for the withdrawal of public funds in accordance with the annual appropriation laws. Annual appropriations lapse at the end of each financial year and a new appropriation is made for the next financial year.

Article 58 of the Constitution allows for the establishment of a 'Specific Purpose Fund' for monies which are not revenues or funds of the Republic. As this House is aware, the Government of Nauru has been negotiating with the Government of Australia to take over the commercial operations and services currently provided by Canstruct Services International to the Regional Processing Centres and Settlements. The negotiation is almost finalised with a view for the commercial operations and services to be transitioned to the Eigigu Solutions Corporation, a subsidiary of Eigigu Holdings Corporation, which was specifically incorporated to take over the services from Canstruct Services International. Eigigu Solutions Corporation is now in operation. It is currently working with Canstruct Services International to transition the services. This process will be funded by the Australian government.

The arrangement with the Government of Australia is yet to fully materialise but it will be kept at bilateral level and for that reason, the commercial operations and services will have to be undertaken internally by the Republic. It is anticipated that

Australia will pay money to the Government of Nauru. The Government of Nauru will contract the services of Eigigu Solutions Corporation which is already undertaking the transitioning process.

It is prudent for the Government not to treat any monies for this purpose payable by Australia as part of the Treasury Fund. The money will not in the first instance belong to the Republic as a substantial portion of the money will be used for the operational expenses of the Regional Processing Centres and Settlements. On the other hand, if this money is to be deposited into the Treasury Fund, it will then require the Parliament to appropriate the Funds for the operational expenses. This is not a direct public expenditure for the purposes of the Government. It is a commercial operation which the Government has decided to take over. Furthermore, the mixing of any of these funds with the Treasury Fund will be counterproductive and put unnecessary strain on the Treasury and the normal operations of the Government.

The objective of the Bill is to establish a specific purpose fund so that monies paid by Australia will be paid into this account. Its expenditure will be rigidly monitored and controlled without any implications on the Treasury Fund. It will not require any appropriation as the Department of Multicultural Affairs and Eigigu Solutions Corporation in conjunction with the Department of Finance will ensure that the funds are made readily available to cater for the daily operations of the Regional Processing Centres and Settlements.

The Bill further provides for the mode of depositing and withdrawing of monies from the Fund. The Bill provides for the making of regulations by the Cabinet in particular for the withdrawal of money from the Fund. The withdrawal of funds will be with the approval of the Secretary for Multicultural Affairs who under section 16(1) of the Asylum Seekers (Regional Processing Centre) Act 2012 is responsible for entering into service agreements with service providers. The withdrawal once approved by the Secretary for Multicultural Affairs, the Minister for Multicultural Affairs' approval will be needed. As a further safety mechanism, there are 2 co-signatories for the Fund whom are the Secretary for Multicultural Affairs and Secretary for Finance. It is intended that detailed regulations will require the sanction of Secretary for Multicultural Affairs before the Minister can approve any withdrawals. The regulations will also have to be complied with for the withdrawal of monies. Whilst it may seem to be a tedious process, the transparency and accountability of the operations of the Fund is fundamental to the Government.

The Bill provides for the auditing of the Funds. The audited accounts are to be submitted to the Parliament at the completion of the financial year. The proposed regulations will provide for quarterly reporting of the commercial operations and services and the funding arrangement to the Cabinet.

The proposed Fund will provide the appropriate mechanism for efficient operations so that the commercial operations and services at the Regional Processing Centres and Settlements are not compromised in any manner whatsoever.

The Bill also provides for any funds which may be available from time to time to be transferred to the Treasury Fund. This will be done by the Cabinet. Once monies are paid into the Treasury Fund it will become public funds for appropriation for any public purpose.

Mr Speaker, it is anticipated that none of our public funds would be directly involved in the running of the commercial operations and services. In that regard, the separation of this Fund from the Treasury Fund is extremely important for the Republic to undertake such an important but much needed operation. It is a sign of our Government's maturity to venture into commercial operations of a nature of an activity which is important for the livelihood of all Nauruans.

The Bill is accompanied by an explanatory memorandum explaining the Bill in more detail.

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