

Republic of Nauru – 20th Parliament

Nauru Utilities Corporation Bill 2011

SECOND READING SPEECH

Hon Dominic Tabuna, MP

20 June 2011

Mr Speaker,

I have introduced to the House today a Bill for an Act to establish the Nauru Utilities Corporation.

The Nauru Utilities Authority is currently responsible for the provision of essential services such as water, electricity and fuel. If enacted, this Bill will establish a new statutory corporation to provide those services.

Mr Speaker, there is no doubt that the utilities sector in Nauru has faced its fair share of challenges over the years, and the people of Nauru have often been denied acceptable service standards as a result. The establishment of the Nauru Utilities Corporation is a step towards improving the provision of essential utilities services in Nauru. The purpose of the Bill is to establish a Corporation that is not only obliged to provide essential services, but is able to operate efficiently and independently while allowing for necessary oversight by the Minister. This oversight is important in the context of the provision of essential utilities services – the Minister must be able to ensure the Corporation is financially viable and performs its functions fully and in a way that is not detrimental to customers.

The Bill itself is quite brief, setting out the structure and powers and functions of the Corporation, and providing for financial management, reporting requirements, staffing and safety standards. The explanatory memorandum deals with each provision in detail, but I will outline the major concepts for the House.

The Corporation's functions in relation to electricity are to generate, acquire, exchange, transport, distribute, market and otherwise supply electricity. In relation to water, the Corporation's functions are to acquire, store, treat, distribute, market and otherwise supply water. Finally, the Corporation has the function of buying, selling, storing and transporting fuel. The Corporation can outsource any of its powers or functions to another body corporate or individual with the consent of

Cabinet. This ensures that, if a particular service can be provided more efficiently or reliably by a private operator, the service can be outsourced.

The Corporation is given the power to determine fees for the services and products it supplies, but this power is subject to the Government's power to regulate the price of essential products and services under the *Prices Regulation Act 2008*. It is vital to have Government oversight of prices, as essential services must be affordable to the majority of Nauruans.

Although the Corporation will manage its own financial affairs and receive its own revenue, its annual budget must be approved by Cabinet. If the Corporation wishes to engage in a transaction that has not been approved in the budget, including the acquisition or sale of assets, it must seek Cabinet approval. However, if Cabinet does not approve the budget for a year, the Corporation can continue its operations and recurrent expenditure at a level that does not exceed the level for the previous year. This ensures there is no interruption to services caused by protracted budget negotiations.

The Corporation is required to keep proper accounts, which must be audited each year, and the Minister is able to access any information reasonably required to assess the Corporation's financial position at any time. The Corporation must give an annual report, including the audited accounts, to the Minister each year, and the report must be tabled in Parliament.

Importantly, the Minister is able to give written directions to the Corporation about the exercise of its powers and the performance of its functions. This allows the Minister to exercise the necessary control over the provision of essential services.

There is a further oversight mechanism – an advisory committee is established, consisting of representatives of residential customers, private-sector business customers and state-owned enterprise customers. This committee will advise the Minister about matters related to the operations of the Corporation, including whether, in the opinion of the committee, the powers and functions of the Corporation are being carried out adequately. The committee will have the ability to access records of the Corporation's operations and accounts to enable it to make informed recommendations. The establishment of the committee will provide a valuable platform for the interests of customers to be heard.

A final important provision I would like to mention requires the Corporation, or anyone operating under an outsourcing arrangement with the Corporation, to

comply with prescribed safety standards. Failure to comply with safety standards can endanger lives, so it is a criminal offence to do so. This is the first time compliance with safety standards will be a legal requirement for operators.

Mr Speaker, the establishment of the Nauru Utilities Corporation is just one of a number of important steps in a larger project that seeks to improve the performance of the Corporation through a process of gradual commercialisation. This will start with the introduction of a performance contract between the Minister and the CEO. The contract will require the Government to commit to ensuring the necessary conditions, in terms of subsidies and tariff levels, to enable the CEO to achieve required levels of service. The contract will be audited on an annual basis by an independent auditor to ensure both parties are meeting their obligations.

Mr Speaker, it is time for a new and long overdue era in the provision of utilities services in Nauru. The Government is willing to make the commitments necessary to improve outcomes for the people of Nauru. The *Nauru Utilities Corporation Bill 2011* provides a solid foundation for an efficient, reliable and accountable utilities provider.

I commend the Bill to the House.

Thank-you, Mr Speaker.