



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
MEETING WITH PRESIDENT OF NAURU
9 AUGUST, 1993

E&OF. PROOF COPY

BD: First of all, I would like to take this opportunity to say how very proud and honoured Nauru is to have the Prime Minister of Australia, Paul Keating, visiting Nauru. This is the first visit by an Australian PM, and Government, and the people of Nauru are really grateful for this opportunity. I am also pleased to announce that Australia and Nauru reached an agreement to settle the case before the ICJ. Mr Keating and myself will be signing a compact of settlement agreement tomorrow afternoon, at about 5pm, and Nauru looks forward very much to the exciting future with the cooperation and assistance which our people, our nation, will be receiving from the Government and the people of Australia. Once again, I take this opportunity to thank most sincerely Paul Keating, and his Minister, Gordon Binney, for the cooperative spirit in which this settlement has been reached.

PM: Well, could I thank the President for his introductory remarks. This is, I think, an important settlement for the people of Nauru, and it is an important settlement and agreement for the peoples of Australia and Nauru. Because we are doing simply more than a settlement, which I might say is being negotiated principally by my colleague the Minister for Development Co-operation and Pacific Island Affairs, Gordon Binney, and I would like to compliment Gordon for the achievement of this settlement, as I do President Dowiyogo. The compact of settlement essentially involves a settlement of \$107 million, the bulk of it paid by the end of August 1994, so in the next 12 months.

And then there is a stream of payments which run over the next twenty years, which will be a form of stable income by way of this settlement to the Nauru budget and economy.

As well as this, we have concluded a treaty-level commitment by Nauru to withdraw its ICJ case and renounce future claims arising out of Australia's administration of Nauru.

Also we have agreed a joint declaration of principles guiding future relations between Australia and Nauru. Now this is quite unique in Australian terms, we don't have such a declaration of principles guiding the relations with any other countries. We have an agreement with Papua New Guinea but not a declaration of principles of treaty status, and I think this will be important to our relations in the future. It will be important to the people of Nauru so that they have a document to rely upon in their relations with Australia. That's why I think the President has correctly called this a compact of settlement. It is not simply a legal settlement claims for damages, but as well as that an agreement, a treaty, about how we relate to one another in the future. So that when Nauru gets to the point where the revenues which it has had from phosphate mining and the rest expire, and it has to rebase its economy there is something solid upon which that rebasement can occur. So for those reasons I think we are opening up a new phase of Australia-Nauru relations, and I am quite sure that this is an important compact in Nauru's history and certainly in its history of its relations with Australia.

- J: Is \$107 million enough to complete the rehabilitation of a third of the island?
- PM: The terms of the settlement and the functions and uses of the settlement monies is a matter for President Dowiyogo and his Government. It's for the Government to map out a long term policy for the island, because obviously when phosphate mining revenues cease, apart from the income from its other investments, other industries like tourism - for which now the Government has improved facilities, infrastructure - these sorts of industries will be important in the future. Therefore, the use of settlement funds bears upon these questions. So it may not be simply a straight reclamation, but other developments as well.
- BD: May I add to that, the commission of inquiry which looked into the rehabilitation of the worked-out phosphate, came out with a figure of about \$72 million. So this \$107 million on the figures is quite generous.
- J: So you are pleased with the agreement?
- BD: More than pleased. And I am very proud to have reached this settlement with Prime Minister, Paul Keating.
- J: What areas would a joint declaration cover?
- PM: Well it covers really most of the things about ... we will let you have these tomorrow, but it refers to our history and it goes into such things as access for education and cooperation in such things as, financial services, aviation, other transport, other service, fisheries, surveillance, health and medical cooperation, rehabilitation and environment cooperation, development cooperation, communication and travel, et cetera.
- J: How much will the additional payments be worth?

- PM: Well they are worth about \$50 million over twenty years. Now the Government can obviously receive that payment intermittently over the period as maintained in real terms. It is about \$2.5 million a year over twenty years maintained in real terms, or they could of course assign it to a financial institution and take it at its net present value now, or at some point in the future. It does give them, I think, flexibility and that is a good thing.
- BD: If I may also add to that, the very valuable point of this treaty is that after twenty years Nauru and Australia can continue to discuss other forms of cooperation.
- J: Mr Keating, what contribution will you be seeking from New Zealand in terms of this agreement?
- PM: Well Nauru will be assigning its claims to the other former members of the British Phosphate Commission to Australia. So Australia will be seeking some payments from both New Zealand and Britain in reaching this agreement and settlement as the claims which would otherwise be made by Nauru will have been assigned to Australia as part of the terms of the settlement.
- J: Are you able to put a ball park figure on what you might be looking for from New Zealand?
- PM: No.
- J: Will you be approaching Mr Bolger here at the forum on that?
- PM: I will simply mention, I think the President tomorrow will mention, that we have reached an agreement, so Mr Bolger will have known that. And then when I see him, as I will be, I will mention that.
- J: Mr President how long do you think it will take to get the island back to the state you would like it in? Do you have a timetable?
- BD: Well we hope to start very soon. This morning during the discussions with the Prime Minister and our officials, there were some ideas, some proposals which can be started immediately. One of the priorities is to set contract housing for our people, and we have discussed about assistance from Australia in terms of town planners and experts to come up and help to establish that project. That is an urgent one for us and then we will look at the rest of the projects afterwards. There is no doubt that the island can be rehabilitated. I suppose you have been up to Topside, and you have seen some parts of the island where the pinnacle rocks have been taken out and levelled. And we also hope to set up a sports stadium up there, and a water reservoir, but in October this year we will be commissioning our desalination plant, so we will be looking at things. We hope to commence very soon.
- J: How long do you think the whole thing will take?
- BD: It won't be done overnight. It will take a generation, ten, twenty years, and we will see from there.

ENDS