



**United Nations Visiting Mission
to the Trust Territories of Nauru
and New Guinea, 1965**

REPORT ON NAURU

**TOGETHER WITH THE RELEVANT RESOLUTION
OF THE TRUSTEESHIP COUNCIL**

TRUSTEESHIP COUNCIL

OFFICIAL RECORDS: THIRTY-SECOND SESSION

(28 MAY — 30 JUNE 1965)

SUPPLEMENT No. 2

UNITED NATIONS



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NOTE

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REPORT ON NAURU
SUBMITTED BY THE UNITED NATIONS VISITING MISSION
TO THE TRUST TERRITORIES OF NAURU AND NEW GUINEA, 1965
[T/1636]*

LETTER DATED 1 JUNE 1965 FROM THE CHAIRMAN OF THE VISITING MISSION
TO THE SECRETARY-GENERAL

I have the honour to transmit to you herewith, in accordance with Trusteeship Council resolution 2142 (XXXI) of 24 June 1964 and with rule 98 of the rules of procedure of the Trusteeship Council, the report of the 1965 United Nations Visiting Mission to the Trust Territory of Nauru.

I am glad to inform you that this report was subscribed to unanimously by all four members of the Visiting Mission on 28 May.

(Signed) André NAUDY

INTRODUCTION

1. The situation of Nauru is so remarkable and its case so unusual that, despite what it knew in advance about these distinctive characteristics, the Mission was greatly struck by what it saw during its visit.

2. On this island — so isolated that it can be reached by air only after flying for many hours above the Pacific, so small that at first it appears to be just the reflection of the clouds in the ocean — it is astonishing to discover, as in an adventure story, a great industrial plant working rich phosphate deposits. The proceeds of these operations cover all public expenditure. Thanks to the phosphate, this tiny island lost in mid-ocean has houses, schools and hospitals which could be the envy of places with a very ancient civilization. Its citizens pay no taxes. Because of these favourable conditions and the spirit of mutual assistance characteristic of the inhabitants, poverty is virtually unknown in Nauru. There is a high standard of living : necessities and even many luxuries are imported. The stores and shops are well stocked with goods. Few people walk in this Territory, which has an area of $8\frac{1}{4}$ square miles and a circumference of 12 miles : there are over 1,000 motor vehicles (not to mention bicycles) for a total population of 4,914, including 2,661 Nauruans (at 30 June 1964).

3. Yet this population, which is particularly affable and generous and naturally carefree, loving dancing and the arts, is not enjoying these advantages without thought for the morrow. For several years now, the people have been concerned about their future. This concern has helped them to mature and acquire a greater sense of responsibility, to rely less on the Administration, and to strike out on their own. It has made them aware of their identity and led them to group together behind chiefs who voice their demands.

4. Despite the apparent abundance of the phosphate reserves, at the present rate of extraction, they will be exhausted in some thirty years' time. The British Phosphate Commissioners (BPC) will then pack their bags and Nauru will be merely an empty shell. Only the coral pillars among which the phosphate deposits lay will rise like tombstones in a cemetery. How and on what will the Nauruans then live in this desert? The natural reply to this question was to envisage immediately the resettlement of all or part of the community in another territory, preferably an island. The challenge was taken up by the Nauruans and Australians together and with the Australian offer of Curtis Island, the search for the future home of the Nauruan people seemed near to its end. However, after many vicissitudes and sincere efforts by both sides to achieve agreement, the negotiations

* Incorporating document T/1636/Corr.1.

between the Nauruan chiefs and the Australian Government now seem to be at a standstill.

5. The search for a solution which will provide for their future and preserve their identity has helped to develop nationalist feelings in the Nauruans. The nature and vital importance of the problem of their future and the resistance and difficulties they have encountered in solving it have emboldened them and driven them to demand a greater share in the administration of their country, control over their natural resources and the exercise of the right of self-determination in the near future.

6. So far, despite the recommendations of the Trusteeship Council, no decision has been taken on these different questions — whether or not they are considered to be interrelated. The respective positions of the Australian

Government, which administers the Territory on behalf of the three Administering Authorities, of the British Phosphate Commissioners and of the population of Nauru have not converged. The persistence of these differences of opinion has brought dissatisfaction and apprehension to the island. The Mission was able to see the conviction and unity with which the various elements of the population expressed sometimes radical views for its information. In its view, the debate should not be allowed to become embittered or go beyond the context in which it should ordinarily be considered. If the impasse continues, rancour and misunderstanding may prevail, complicate the situation and make it still more difficult to find a solution in the future. The time has come to display both realism and goodwill. The Mission very much hopes that the proposed new negotiations will have a happy outcome.

CHAPTER I

GENERAL

A. TERMS OF REFERENCE

7. At its 1241st meeting on 23 June 1964, the Trusteeship Council invited the Governments of France, Liberia, the United Kingdom of Great Britain and Northern Ireland and the United States of America to submit nominations for membership of the United Nations Visiting Mission to the Trust Territories of Nauru and New Guinea in 1965. At its 1243rd meeting, on 29 June 1964, the Council approved the nominations of Mr. Jacques Tiné (France) and Mr. Cecil E. King (United Kingdom) and decided that the remaining nominations would be approved automatically when received. Mr. Jacques Tiné was elected Chairman of the Visiting Mission.

8. Mr. Nathaniel Eastman (Liberia) and Mr. Dwight Dickinson (United States) were subsequently nominated by their respective Governments as members of the Mission. Shortly before the departure of the Mission, Mr. Tiné and Mr. King informed the President of the Trusteeship Council with regret that they would be unable to proceed with the Mission. Consequently the Council held a special session and approved the nominations of Mr. André Naudy (France) and Mr. Dermot Swan (United Kingdom) as Chairman and member of the Mission, respectively, in place of Mr. Tiné and Mr. King.

9. At its 1242nd meeting, on 24 June 1964, the Trusteeship Council adopted resolution 2142 (XXXI) directing the Visiting Mission :

- (i) To investigate and report as fully as possible on the steps taken in the Trust Territories of Nauru and New Guinea towards the realization of the objectives set forth in Article 76 b of the Charter of the United Nations, and to pay special attention to the question of the future of the two Territories, including the wishes of the Nauruan community regarding its

future, in the light of the relevant sections of the Charter and the Trusteeship Agreements, bearing in mind the provisions of relevant Trusteeship Council and General Assembly resolutions, including resolution 1514 (XV) of 14 December 1960 and resolution 1541 (XV) of 15 December 1960;

- (ii) To give attention, as may be appropriate in the light of discussions in the Trusteeship Council and of resolutions adopted by it, to issues raised in connexion with the annual reports on the administration of the Trust Territories, in the petitions received by the Council concerning Nauru and New Guinea, in the reports of previous visiting missions and the Administering Authority's observations on those reports;
- (iii) To receive petitions, without prejudice to its acting in accordance with the rules of procedure of the Council, and to investigate on the spot such of the petitions received as, in its opinion, warrant special investigation. Finally, the Council requested the Visiting Mission to submit to the Council as soon as practicable separate reports on the Trust Territories of Nauru and New Guinea containing its findings, with such observations, conclusions and recommendations as it might wish to make.

B. DESCRIPTION

10. Nauru is a small island in the Pacific situated at latitude 0.32° south of the Equator. It has a circumference of approximately 12 miles and an area of 5,263 acres. It consists of a narrow coastal belt where the population is concentrated, an inner coral cliff formation rising to a height of 40 to 100 feet and a central plateau containing extensive and high-grade phosphate deposits. Since the discovery of the deposit, 1,280 acres of the land have been mined, leaving 2,246 acres still to be mined and

1,737 acres which are non-phosphate bearing. Pandanus and coconut palms are found on the coastal belt and around Buada Lagoon a few coconuts, bananas, pine-apples and other fruits and vegetables are grown. Fishing is done on a small scale and pigs and poultry have been introduced to the island.

11. The climate of Nauru is equatorial, the wetter season lasting from November to February.

12. In June 1964, the population consisted of 2,661 Nauruans, 835 Chinese, 392 Europeans and 1,023 from other islands in the Pacific. More than half the Nauruans are under 20 years of age. Under the law, Nauruans are "Australian protected persons".

C. ADMINISTRATION

13. All administrative powers in the Territory are vested in the Administrator, who is responsible to the Australian Government through the Minister of State for Territories. Many aspects of local government devolve upon the Nauru Local Government Council, established under the provisions of the Nauru Local Government Council Ordinance, 1951-1963. The changes made in 1963 in the powers and functions of the Council represent an advance in the political development of the Council and the Nauruan people.

14. In accordance with the provisions of the Nauru Local Government Council Ordinance, the Council arranges and supervises the election of its own members, who are elected on an adult franchise. The Council also controls its own revenue and expenditure and has wide powers to organize, finance and engage in businesses and other enterprises. The Ordinance also empowers the Council to carry out any work which is likely to benefit the Nauruan community and to provide any public or social service for the Nauruan people.

15. The Council may make rules or by-laws for regulating the conduct of its business and for the

peace, order and welfare of the Nauruan people. A rule made by the Council may be disallowed by the Administrator within a period of three months after it is made. All legislation introduced in the Territory is discussed in detail by the Administrator and the Council at various stages of its preparation, and amendments agreed upon are incorporated in the final draft.

16. Consultation with the Council is a feature of the activities of the Administration. The principal opportunity for consultation of this kind occurs at the monthly meeting of the Administrator with the Council, but other discussions between the Administrator and the Head Chief or Secretary of the Council and between Departmental Heads of the Administration and individual members of the Council are frequently arranged or occur in the course of the everyday work of the Administration.

17. Under the Public Service Ordinance of 1961, the Public Service is headed by a Commissioner authorized to deal definitively with matters not requiring the Minister's consideration. The present Public Service Commissioner is the Administrator of the Territory. Conditions of service of all officers and employees are defined in the Public Service Ordinance.

18. A District Court, a Central Court and a Court of Appeal are the three courts of law in the Territory. Appointments of magistrates under the Judiciary Ordinance, 1957-1962 comprise five Nauruans to the District Court and six Nauruans and one Australian to the Central Court. All cases for the District Court are therefore heard by Nauruan magistrates, and it is usual for a bench of three magistrates in the Central Court to consist solely of Nauruans.

19. In the appointment of magistrates, emphasis has been placed on selecting suitable Nauruans able to meet the responsibilities involved. The Nauru Local Government Council is consulted regarding nominees and on occasion has been invited to nominate a panel of suitable Nauruans from whom appointments could be made.

CHAPTER II

PROGRAMME OF VISITS AND MEETINGS

20. The four members of the Mission and the four members of the United Nations Secretariat¹ flew to Nauru from Lae on 12 April. The Mission was accompanied on its visit to the Territory by Mr. Reginald Marsh, Director of Nauruan Resettlement, Department of Territories, and Mr. Brian Hickey, Department of External Affairs, whose assistance was of the utmost value. Miss Kate Velacot-Jones of the Papua and New Guinea Information Service reported the visit to Nauru on behalf of the Administration.

21. On arrival at the airstrip the Mission was most warmly welcomed by the Administrator, Mr. Leydin,

¹ Mr. J. F. Hayley, Principal Secretary; Mr. Richard W. Wathen, Political Affairs Officer; Mr. R. C. O'Connor, Administrative Officer; and Mrs. Cecilia Bowles, Stenographer.

O.B.E., his staff and their ladies, and the Head Chief and members of the Local Government Council and nearly the whole population of the island. A Guard of Honour of the Nauru Police Force gave a general salute and was inspected by the Chairman. Later that afternoon the members of the Mission attended a reception given by the Administrator at Government House and in the evening were guests at dinner at the house of the Head Chief and Mrs. De Roburt which was followed by a Nauruan concert at the Social Centre. On the third evening the Mission dined with the Manager of the British Phosphate Commission and was then entertained at a performance by Gilbert and Ellice Islanders. On the night before leaving, the Mission dined at Government House.

A. MEETINGS WITH LOCAL GOVERNMENT COUNCIL

22. The Mission held two full meetings with the Council at which the Administrator, the official Secretary, Mr. Marsh and Mr. Hickey were present. The Council had prepared an agenda of six main subjects, supported by memoranda. The matters discussed are considered in chapter IV of this report.

23. The keynote of the discussions was deep concern for the future of the islanders, and throughout there was a certain sense of frustration on the part of the Head Chief and Councillors resulting from the breakdown of talks with the Australian Government on this subject in July-August 1964. These talks are to be resumed in Canberra during May 1965 and it is hoped that a résumé will be available in time for distribution at the June session of the Trusteeship Council.

B. PUBLIC MEETING

24. On 15 April several hundred people attended a public meeting at the Social Centre in the course of which fifteen or sixteen individuals came forward to make representations to the Mission on a variety of subjects. In 1962 the Visiting Mission observed that a number of matters raised were not of great general interest; on this occasion, however, all but two or three of the speakers were concerned with weightier problems and their observations, comments and questions indicated their lively appreciation of current issues in so far as these affect the future of their community.

25. The meeting was conducted in both English and Nauruan and the main subjects discussed were as follows :

- (i) Queries as to whether anything in the Trusteeship Agreement precluded a change of Administering Authority, combined with the implied request that

Australia should no longer continue in this role in respect of Nauru;

- (ii) Queries as to why the Australian Government had not already granted the Nauru Local Government Council's request for a Legislative Council to be followed two years later by independence, and statements that the island was fully ready for such steps;
- (iii) Statements that control of the phosphate industry should now pass to the people of Nauru;
- (iv) A request that henceforth the Australian Government should make an annual grant to Nauru as it does to New Guinea, such grant being in addition to the public revenues derived from phosphate royalties;
- (v) A query as to whether or not the Visiting Mission has authority to overrule the Administering Authority;
- (vi) A query as to whether a citizen's basic rights vary with the sort of job that each has;
- (vii) Complaints that phosphate dust continues to be a perennial nuisance, and requests for its abatement.

The Mission noted these and other representations, answered questions as far as possible and took the opportunity of explaining the function of the United Nations Visiting Mission and of outlining the duties of the Trusteeship Council.

C. VISITS OF INSPECTION

26. In the course of their four-day stay in Nauru members of the Mission carried out detailed visits to the mining fields and British Phosphate Commission installations and workshops, to most of the schools and hospitals and to Nauruan housing projects, and they met representatives of the Chinese and Gilbert and Ellice Island communities.

CHAPTER III

THE ECONOMY

27. Phosphate production, on which the prosperity of the Trust Territory solely depends, amounted to 1,665,142 tons in 1963/1964, the last year for which full figures are available. Of the 5,263 acres which comprise the total land area of Nauru, 1,737 are non-phosphate bearing, 1,280 have been wholly or partly worked out and 2,246 have not yet been worked. Most recently available statistics show that 64,240,055 tons of phosphate remain to be worked, that 33,133,617 tons had been extracted up to 30 June 1964 and that the life of the deposits will be approximately thirty-three years at the present rate of extraction.

28. Benefits accruing to Nauruans from the exploitation of the island's phosphate deposits include :

- (i) Total expenses of the Administration (£A878,995 was provided during 1963/1964);²

- (ii) Payments to the Nauru Royalty Trust Fund, at the rate of 10d. per ton of phosphate exported. This fund was established for the purpose of providing money to be expended solely for the benefit of the Nauruan people. It is the main source of finance for the activities of the Nauru Local Government Council. At 30 June 1964, the Fund showed a credit balance of £A124,295, which included £A59,741 reserved for new housing;
- (iii) Immediate payment to 593 landowners £A

Current royalties	89,541
Advance royalties	82,977
- (iv) Investment for 593 landowners £A

Current royalties	51,166
Advance royalties	47,415
- (v) Payments to the Nauruan Community Long Term Investment Fund, at the rate of 1/- per ton. At 30 June 1964, the credit balance was £A919,210.

² The currency is the Australian pound, which equals sixteen shillings sterling, or \$US 2.24.

29. The phosphate industry provides employment for 143 Nauruans, 678 Gilbert and Ellice Islanders, 559 Chinese and 134 Europeans (at 30 June 1964).

30. The question of increased phosphate royalties was

discussed by the Australian Government with a Nauruan delegation in 1964. No agreement was reached and further discussions will shortly take place. This question is examined in greater detail in chapter IV of this report.

CHAPTER IV

MAJOR ISSUES

A. THE FUTURE

31. The Mission listened with concern, both in Nauru and later in Canberra, to the full story leading up to the present impasse in negotiations regarding Curtis Island as a future home for the Nauruan community. Negotiations will shortly be resumed and at the moment of writing this report it is possible to do little more than record what has already taken place and await the outcome of the forthcoming discussions in Canberra between the Australian Government and the Nauruan delegation.

32. The 1962 Visiting Mission reported that the Head Chief and other Nauruan leaders confirmed categorically that a new home must be found for the Nauruan people and that there must be no going back on that basic decision. That Mission itself concluded that the settlement of the Nauruan people in a new home was unavoidable, and urged that the question of future settlement should be resolved without further delay, either on a suitable island — if, indeed, any such island existed — or by the establishment of a single community centre for the Nauruans in Australia within easy reach of some main centre of population.

33. During the two years, 1962-1964, investigations and discussions on this subject continued and the Australian Government appointed a *Director of Resettlement* to work in close consultation with Nauruan leaders. The search for a suitable off-shore island soon narrowed to two such islands, Fraser and Curtis. In its Memorandum on the Resettlement Question submitted to the 1965 Visiting Mission (see annex I), the Nauru Local Government Council states that Fraser Island had seemed to them to offer the better prospect but that the Australian Government had concentrated on Curtis Island. In Canberra the Mission was informed that negotiations between the Commonwealth Government and the Government of Queensland had failed and that there were no terms on which the Commonwealth Government could acquire Fraser Island for the Nauruans.

34. Curtis Island presented fewer such difficulties and by 1964 a position had been reached whereby (a) the Commonwealth Government could assure the Nauruans that this island could and would be acquired outright and handed over freehold to the Nauruan community on certain conditions; and (b) the Nauruans indicated their *prima facie* acceptance of Curtis Island as a future home.

35. In July-August 1964 a Nauruan delegation visited Canberra for full, and it was hoped, final discussions

on the subject of Curtis Island. The course of these discussions and their unhappy outcome was summarized in the following statement issued by the Minister of State for Territories, the Hon. C. E. Barnes, M.P., on 30 August 1964 :

“ For some years past it had been accepted by the Nauruan people, the Australian Government and the United Nations Trusteeship Council that resettlement of the Nauruans in another place was essential for a satisfactory solution to the problems which would confront them, when the phosphate deposits were exhausted before the end of the century, if they remained on Nauru. The island was remote and small and would ultimately consist largely of worked-out phosphate land : the population was expanding and was accustomed to high standards of living based on the phosphate industry. After inspection of a number of possible locations, proposals had been worked out in some detail for resettlement on Curtis Island. Under these proposals the Nauruans would be given the freehold of Curtis Island. Pastoral, agricultural, fishing and commercial activities would be established, and the entire costs of resettlement, including housing and community services such as electricity, water and sewerage etc., would be met out of funds provided by the Governments of Australia, New Zealand and the United Kingdom. It was estimated that the cost would be in the region of £10 million.

“ A Council would be established which would consist of Nauruans and which would have extensive powers of local government. Under those proposals the Nauruans would become Australian citizens.

“ In drawing up the resettlement proposals the Australian Government was seeking to secure the future of the Nauruan people.

“ In the discussions the Nauruan representatives said that they held firmly to the view that the Australian Government's proposal would not secure the future of the Nauruans as a separate people but on the contrary would result in their absorption in the Australian community as Australian citizens.

“ They accepted Commonwealth defence and quarantine powers for Curtis Island and proposed that by arrangement from time to time the Australian Government should represent the Nauruan people in external affairs. They believed that the transfer of all other powers to the Nauruan community would be essential if their wish to be a separate and independent people was to be respected. They expressed the view that if the Commonwealth retained defence and quarantine

powers, Australia's security would in no way be endangered.

"The Australian representatives indicated that the Government was sympathetic with the desire of the Nauruans to retain their distinctive identity as a Nauruan community on Curtis Island. The Commonwealth's proposals were made with this end in view, and it had offered to study further what more could be done. However, the Nauruans did not wish to become Australian citizens, nor did they wish to be subject to Australian laws on taxation, immigration, customs, etc. Apart from defence and quarantine, and possibly some arrangement on external affairs, the Nauruans wished to be resettled on Curtis Island as a separate and independent nation and the Commonwealth could not accept this. Curtis Island is virtually part of the Australian mainland and is in fact part of the State of Queensland.

"The Nauruan representatives said that their Council had carefully considered the proposals to resettle the Nauruan people on Curtis Island. They agreed that Curtis Island is generally suitable as a place for resettlement. They had, however, come to the view that the difference of approach between the Commonwealth Government and the Nauruan people regarding such matters as citizenship, taxation and customs left no prospect of agreement about Curtis Island. They were also concerned about the opposition of some of the people already living at Curtis Island. They therefore asked that proceedings for the acquisition of properties at Curtis for resettlement should be discontinued. Moreover, after further considering the difficulties of finding a place for resettlement that would meet enough of their requirements to be acceptable to the Nauruan people, their Council had now formed the view that they should no longer expect the Australian Government to be responsible for Nauruan resettlement and that the Nauruan people should stay on Nauru and not resettle at all.

"The Australian representatives noted these views and said that the Commonwealth Government would consider them in the light of all the circumstances, including the obligations placed on the Administering Authority by the United Nations Trusteeship Agreement and the recommendations made concerning resettlement and related matters by the United Nations Trusteeship Council. However, the Government would continue with its investigations and negotiations with a view to the successful achievement of the resettlement of the Nauruan people."

36. The crux of the issue was that the Nauruans rejected any citizenship but their own and wished to live on Curtis Island as a sovereign, independent people, while the Commonwealth Government was, and still is, unable to agree to cede territory that was "virtually part of the Australian mainland and is in fact part of the State of Queensland" to people who were not citizens of Australia.

37. Head Chief De Roburt, on behalf of the Nauru Local Government Council, informed the Visiting Mission that "because of the reasons we have made known,

we have decided to work out our future on our own island and not to seek resettlement elsewhere" (see annex II). The Minister for Territories, Mr. C. E. Barnes, stated in Parliament on 1 April 1965 that the Australian Government "has come to the conclusion that in view of the very clear attitude of the Nauruan representatives the particular resettlement proposals involving Curtis Island should be dropped". Further on in the same statement, Mr. Barnes said that the Australian Government would consider any new suggestions by the Nauruans.

38. Linked with the Nauruans' decision to remain on Nauru is their request (see annex II, appendix) that worked-out phosphate lands should be restored by back-filling with soil from overseas sources. The 1962 Mission referred in its report³ to this aspect of the matter, remarked that the suggestion had been rejected after investigation on the spot by the Commonwealth Scientific and Industrial Research Organization, gave as its opinion that no one who had seen the wasteland of coral pinnacles could believe that cultivable land could be established thereon except at prohibitive expense and noted that the suggestion for rehabilitation of the island had never been made by anyone who had visited Nauru. The 1965 Visiting Mission noted the enormous expenses and difficulties said to be involved in such a project, but not being experts in the matter would not wish to make any recommendation.

39. They took note of a request by the Nauru Local Government Council for United Nations assistance in this matter (see annex III).

40. To sum up : the dilemma facing the Nauruan leaders is indeed a cruel one. They feel that they can only settle in a new home provided they can preserve their own special national identity, and that if resettlement on such terms is not possible they will have no alternative but to elect to remain on their island : but to do this they must have a steady source of income even after the phosphates are exhausted, whatever the rate of extraction. They would also like the island to be rehabilitated.

41. The population might be able to live on the income built up from phosphate royalties over the next thirty years or so. But this would depend on the amount of the royalties and on the growth of the population. In any case, the island's whole character would change once the phosphates were worked out. There would be a problem of ensuring regular shipping services to bring in food and water supplies. It is clear that the question of the future of the Nauruan people poses acute human, economic and legal problems. The Nauruan community and the Australian Government are about to begin further negotiations in Canberra as this report is being written. In these circumstances it would be unprofitable for the Visiting Mission to make specific detailed proposals. Nevertheless the members of the Mission consider that they ought to record their unanimous belief that the idea of resettlement should not be abandoned since it appears doubtful that the entire population of Nauru, as it will be

³ See *Official Records of the Trusteeship Council, Twenty-ninth Session, Supplement No. 2 (T/1603)*, documents T/1595 and Add.1, chap. V.

in twenty-five or thirty years' time, will wish to remain on the island, even with a guaranteed income from investment.

42. It is open to question whether all possibilities have been explored in the effort to narrow the gap between the positions of the two parties regarding Nauru's future sovereignty. It would seem that a middle course should be possible between self-government at a quasi-municipal level, combined with Australian citizenship, which has been offered to the Nauruans, and the Nauruans' demand for complete sovereignty over any territory in which they might be resettled.

B. LEGISLATIVE COUNCIL AND SELF-GOVERNMENT

43. Since 1959, the Nauru Local Government Council has voiced the wish that it be elevated to the status of Legislative Council and in this connexion the 1962 Mission made specific recommendations in paragraphs 88-89 of its report⁴. In the three intervening years there have been no major developments in the sphere of legislative and executive participation and once again the Council informed the Visiting Mission of its hopes and aspirations (see annexes III and IV). This matter, *inter alia*, was discussed by the Council with the Australian Government at the talks in July-August 1964 when that Government stated that it was at that moment carefully examining the possibilities of greater participation by the Nauruans in the administration of Nauru. The Visiting Mission considered the question of self-government in the light of the statements by the representatives of the Nauruan people (see annexes III and IV) and came to the conclusion that the Nauruan leaders are now capable of conducting their own affairs. It is clear that they will still need specialized help, particularly with teachers and doctors, but this need should not, in the view of the Mission, prevent the Nauruans from attaining self-government as soon as practical arrangements can be made.

C. INDEPENDENCE

44. Closely integrated with the question of the establishment of a Legislative Council is the Nauruans request for independence two years thereafter (see annex IV). As is stated in the opening paragraph of the Local Government Council's memorandum, the ultimate goal of the Trusteeship System is self-government or independence for every Trust Territory.

45. The Mission reiterates that the ultimate goal of the Trusteeship System is self-government or independence for every Trust Territory in accordance with the wishes of its people, and understands that the matter will be considered, with other important questions, during the Canberra discussions.

D. PHOSPHATE INDUSTRY AND ROYALTIES

(see *annexe V*)

46. The continued uncertainty regarding the Nauruan future causes the Nauru Council to pay searching and particular attention to the whole question of the phosphate industry — the ownership of the deposits, the rate of extraction and the payment of royalties — on which not only present prosperity but actual survival in the future

may depend. As in the issue of resettlement, so too in this case, a temporary deadlock has been reached and the subject will form an important item on the agenda for the forthcoming Canberra discussions.

47. The Nauruan leaders maintain that existing royalty rates are quite inadequate and unrealistic, amounting as they do to 3/8d. per ton, to which must be added a figure of approximately 11/- per ton which represents the cost in full of the island's administration and which is paid direct for that purpose. There are four categories of royalty payments and the figure of 3/8d. per ton is divided as follows :

	<i>Per ton</i>
I. (a) Immediate cash royalties to landowners	} 2/8
(b) Royalties invested for landowners	
(c) Royalties paid to Nauru Local Government Council	
II. Royalties paid to the Long Term Investment Fund created to provide a fund for the benefit of the Nauruan people after phosphates are exhausted	1/-

48. At the Conference in Canberra during July-August 1964, the Nauruan delegation requested that royalties should be increased over-all to 20/- per ton. The Australian Government rejected this claim outright on behalf of the British Phosphate Commissioners, pointing out that total payments per ton would amount to 31/-, taking into account the 11/- per ton paid to the Administration as mentioned above. The Nauruans then amended their figure to 14/8d. per ton which they maintained would, with the amount of 11/- per ton paid by the Commissioners to the Administration, bring payments at Nauru to a level comparable with that at Ocean Island, i.e. 25/8d. per ton. The Australian Government offered a 50 per cent increase, bringing the total figure to 7/- per ton, i.e., increase payments of 4/- from 2/8 and 3/- from 1/-. This the Nauruan delegation could not accept and the Conference reached no agreement on the question.

49. The Mission hopes that the two parties will come to an agreement about increased royalties, and believes there would be great advantage if the major part of any such increases were to be placed in the Nauruan Community Long Term Investment Fund, where it would serve to help assure the future of the entire Nauruan community.

50. The two other aspects of the phosphate industry that proved of concern to the Nauru Council were the actual ownership of the deposits and the rate of their extraction by the British Phosphate Commissioners.

51. The Nauruans are fully aware that phosphates from their island are of very high quality and yet are sold to Australian and New Zealand consumers at prices which are considerably less than those prevailing on the world market. They argue that it is imperative for them to put by during the next thirty years or so as substantial funds as possible, that they are not receiving at the moment an equitable share of their own heritage and that as outright owners of the phosphate deposits they would be in a position to negotiate for themselves and their descendants more profitable returns from the exploitation and sale of their sole asset.

52. Intricate legal arguments surround the whole question of "ownership", but the Australian Government

⁴ *Ibid.*

is quite satisfied that the Phosphate Commissioners have legitimate rights not only to the exploitation of the deposits but, *ipso facto*, to the deposits themselves. The Commissioners, of course, make no claim to the land containing the deposits for which they pay compensation and royalties.

53. In response to the Nauruans' request that the extraction rate be reduced so as to prolong the period of exploitation, the Australian Government said that it would rather be in the islanders' interest to increase the

extraction rate to 2.5 million tons annually from the 1,665,142 tons produced in 1963-1964. Such a rate would reduce the life of the phosphate deposits to twenty-five years but would at the same time ensure a more substantial growth rate to the Long Term Investment Fund and provide, at current interest rates, for an eventual sum of £20 million. The Council is still considering the implications of the Australian Government's counter-proposals and will no doubt return to this issue when the Canberra discussions are continued.

CHAPTER V

MISCELLANEOUS

A. EDUCATION

54. The Mission visited most of the schools on the island and was very favourably impressed with the standards maintained, the facilities provided and the quality of teachers, buildings and equipment.

55. The educational system provides for free, compulsory education and, in so far as the indigenous people of the Trust Territory are concerned, has as its objectives : (a) the provision of the means by which each child shall have the opportunity at all relevant ages of obtaining an education comparable in syllabus, content and standards with that available in Australia; (b) the attainment of a literate population with graduates in the arts, sciences and trades sufficient to meet the future needs of the Nauruans.

56. The extent of the achievement of these objectives may be gauged by the following figures :

Nauruan students in Australia

(a) At universities	5
(b) At technical colleges	4
(c) In teacher-training colleges	3
(d) Nurses in training	2
(e) At secondary schools (58 scholarships, 7 private)	65
	<hr/>
	79

Nauruan students in Nauru

(a) At primary schools	791
(b) At secondary schools	251
(c) At the teacher-training centre	15
(d) Enrolled in adult education class	73
	<hr/>
	1,130

57. In considering these figures it must be remembered that over half the Nauruan population is under twenty years of age and that the 118 Chinese and Pacific Islands children at school only remain for short periods in Nauru

Primary education

58. The combination of the Aiwo and Yaren primary schools was achieved without difficulty in 1964 and is working smoothly. Six new classrooms have recently been added to the Administration primary schools and a new modern thirteen-room building has been provided

for Chinese and Gilbert and Ellice Islands children, with a staff of seventeen. These children are taught separately in their native languages, with English as a subject, to prepare them for the return to and continuation of their schooling in their homelands.

59. The 1962 Visiting Mission recommended that the subvention paid from public funds to the Sacred Heart Mission (£A750 in 1961) should be increased. £A3,720 was provided for this purpose in 1964/65. Subsidies are also available to parents and citizens associations (£A800 currently) who wish to provide additional recreational or other equipment for the children.

Secondary education

60. A wide range of scholarships is offered to enable Nauruan students to go to Australia for higher education or further training, while an unlimited number of scholarships is available to Nauruans aged seventeen or under who obtain the Intermediate Certificate or pass a local examination set at the Form 4 level. Scholarships are also available for those who obtain a pass in the Junior Technical Certificate examination. Finally, there is an additional special provision of ten "lower age" scholarships each year to enable more gifted children to start overseas education at thirteen years or under.

61. The scholarships enumerated above were expected to cost £A41,320 in 1964/65.

62. The administration secondary school is staffed by fourteen qualified and three uncertificated teachers. Two new classrooms have recently been added to this school.

Tertiary education

63. The sum of £A15,430 was provided for the cost of these cadetships and other overseas training during 1964/65. This sum is additional to the cost of scholarships referred to in paragraph 61 above. Those cadetships provide for all tuition, living and incidental expenses of any Nauruan appropriately qualified or likely to benefit from tertiary education in Australia.

Teacher training

64. In Nauru, the opening of a teacher-training centre under the direction of a qualified teacher-trainer has

provided a valuable supplement to the training of Nauruans as teachers in Australia and a means of accelerating the improvement in the general standard of Nauruan teachers. This facility and the provision of attractive salary scales has quickened the interest of young Nauruans in the teaching profession.

65. The course at the Training Centre is of three years' duration and the first graduates will take over classes at the beginning of the 1967 school year. Trainees are paid salaries while taking the course and are required to enter into a bond to complete the course. The Training Centre is open to Nauruan teacher trainees from the Sacred Heart Mission as well as to Administration trainees.

66. In-service courses are also provided to increase the proficiency of Nauruan teachers and to enable them to seek higher qualifications. The system of on-the-job training and guidance has been continued. The number of trained expatriate teachers in Administration schools was increased to twenty-nine in 1965, thus making it possible to give closer supervision and instruction to partly trained Nauruan teachers.

Adult education

67. Seventy-three Nauruan adults are receiving instruction in adult education classes this year. The classes include cookery, sewing, trade mathematics, English for apprentices, and English, mathematics, history and other subjects for adults who wish to sit at the University of Melbourne annual public examinations.

68. A special class in English has been established to provide advanced instruction for selected senior Nauruan officers of the Public Service, and a trained Nauruan social worker instructs Nauruan housewives in domestic economics and management.

69. Documentary educational films are shown from time to time at the Nauruan Social Centre.

Health education

70. A close liaison is maintained between the Departments of Education and Health so that all opportunities of instruction in nutrition and hygiene may be exploited. A Nauruan medical officer gives lectures on nutrition in the schools from time to time and this is supplemented by the showing of films. Regular dental inspections are made in the schools and arrangements have recently been made for the visit of an eye specialist in recognition of a request from the Nauru Local Government Council that a survey, particularly of the children's eyes, should be made by a specialist.

Education Advisory Committee

71. Regular consultations with the Education Advisory Committee (as well as with the Nauru Local Government Council) on education activities continue. To recognize the increasing influence in the schools of the parents and citizens associations and to ensure that the views expressed by the Education Advisory Committee truly represent the opinions or wishes of the Nauruan

community, the Committee has, with the agreement and support of the Nauru Local Government Council, recently been reconstituted.

72. It now consists of the Director of Education (Chairman), two representatives of the Nauru Local Government Council, and a representative of the Parents and Citizens Association of the Administration secondary school, of the Administration primary school and of the Sacred Heart Mission schools. The advice of the head teachers of the various schools will continue to be available to the Committee from time to time but they will no longer be voting members of the Committee.

B. HEALTH SERVICES

73. The Administration conducts a comprehensive health service, which provides for the treatment of the sick and for public health, dental and quarantine services. All medical treatment in the Territory is free.

74. The Health Department is under the control of the Government Medical Officer, who is assisted by three Australian trained nurses, an Australian dentist, and a staff of eighty Nauruans. The latter include the Hospital Superintendent, five assistant medical officers, nurses, orderlies, health inspectors, laboratory and X-ray technicians, and clerical and domestic staff.

75. The Nauru Administration Hospital, which was built in 1957, can accommodate ninety-four patients. There are wards for general adult cases, and separate sections for children, maternity, psychiatric and infectious cases. The hospital also contains an out-patient clinic, infant welfare clinic, anti-TB clinic and dental clinic. X-ray and pathology departments are also provided.

76. A number of extensions have been made to the hospital since it was built to cope with population increases, and during the current year the hospital laundry was enlarged to provide space for modern equipment which is now being installed.

77. The British Phosphate Commissioners provide medical treatment for their European and indentured employees and their families. For this purpose they have two hospitals. Extensive additions to the larger of these hospitals are nearing completion.

78. There is a wide measure of co-operation in medical work between the Administration and the Commissioners and the latter make use of the Administration's X-ray and pathology facilities. All anti-TB work is done by the Administration.

79. In addition to the clinic at the Nauru Administration Hospital, six smaller clinics are provided by the Administration at various points around the island. A weekly circuit is made of these clinics by the hospital staff. A Nauruan nurse is in charge of infant welfare activities among the Nauruan population.

80. The Mission visited the Administration Hospital and was able to appraise the excellent services it provided to the community. During 1963-1964, £A88,682 was spent on health services from public funds.

C. PUBLIC SECURITY

81. Law and order in the Territory are maintained by the Nauru Local Police Force with an establishment of fifty-seven. With some 1,300 motor vehicles, the Traffic Section of the Force is today faced with problems which were non-existent ten years ago.

82. The Mission was impressed with the smartness and efficiency of the Force, which reflect great credit on all concerned, particularly on the Director of Police, Mr. J. McConnachie, who is shortly retiring.

D. LABOUR

83. Practically the whole of the adult male population of Nauru is in wage employment, more than half with the Administration. The basic wage for an adult male in 1964 was £9. 12. 8 per week; unmarried men under twenty-one and women receive varying percentages of this basic wage.

84. Working hours, which were the subject of adverse comment by the 1962 Visiting Mission and the Trusteeship Council, were made uniform in 1962 and fixed at forty hours per week.

85. The British Phosphate Commissioners provide trade training for Nauruan and Gilbert and Ellice Island youths who possess the required basic education.

86. The Nauruan Workers' Organization is the only labour organization in Nauru. It was formed in 1953.

E. PHOSPHATE DUST

87. As in 1962, so in 1965 the Mission heard complaints of the nuisance created, particularly in the Aiwo District, by phosphate dust. On their visit to the British Phosphate Commission installations the members of the Mission were shown new machines which operated an automatic

system of electrostatic precipitation which would, the Company was confident, considerably reduce this nuisance.

88. The Company had recently agreed to pay compensation in respect of any coconut tree which could be shown to have been destroyed by phosphate dust.

89. As the Trusteeship Council will recall, the representative of the Administering Authority has on previous occasions reported to the Council that, on the basis of an analysis undertaken by his Government, although the dust was a nuisance it was not harmful to human beings.

F. DISSEMINATION OF INFORMATION ON THE UNITED NATIONS

90. During the Mission's visit to Nauru it saw ample evidence of keen interest in the United Nations throughout the island. The work and ideals of the Organization are constantly kept before the population, adult and children, by a variety of means which include the following :

- (i) Monthly article in *Ekamwinen*, the Nauru children's newspaper;
- (ii) Liberal supply to schools of United Nations literature;
- (iii) Playlets;
- (iv) Celebration of United Nations Children's Day on 24 October;
- (v) Film strips to assist teachers in giving lessons on United Nations topics;
- (vi) Distribution of *The UNESCO Courier* to secondary school students.

91. The children in the schools visited by the Mission seemed especially well informed on the United Nations and its principal bodies.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

92. It has already been mentioned that new discussions are to take place during May 1965 between the Australian Government — speaking also on behalf of the other two responsible Powers — and the Nauruan representatives.

93. In those circumstances, it would hardly be appropriate for the Mission to make detailed recommendations, which might be overtaken by subsequent developments, in which case they might no longer reflect the situation as it existed when it came up for discussion in the Trusteeship Council.

94. The Mission, like its predecessor, noted that standards of living were high in Nauru and that social, medical and educational conditions were excellent. These standards resulted from the receipt of royalties on phosphates which, one day, would be exhausted. The Mission took into account the fact that the Nauruan people had sought resettlement in a new national home

where they could preserve their national identity, that the Australian Government had made a generous and conscientious effort to find and provide such a homeland and that negotiations had broken down mainly on the questions of sovereignty and citizenship, leaving the Nauruan people face to face with grave problems regarding their future. The Mission was much concerned by the acute problems confronting the Nauruan people and had the greatest sympathy with their desires and aspirations for the future.

95. The Mission recognizes that the question of the future of the Nauruan people has been closely bound up with their search for an alternative homeland, and it believes that the idea of resettlement should not be abandoned and that a further effort to find a basis for agreement would be desirable. Nevertheless, the question of resettlement should not, in the Mission's view, now

delay or impede constitutional development in the island. The Mission fully appreciates that, in the absence of agreement on resettlement, the popularly elected Nauruan leaders have no alternative but to address themselves urgently to the problems of their peoples' future on the island and notably to that of self-government. Consequently, the Mission believes that this question should be tackled without further delay.

96. The Mission, having visited the island and having held discussions with the Nauru Local Government Council and members of the public, and bearing in mind the relevant provisions of the United Nations Charter and of the Trusteeship Agreement, came to the conclusion that the Nauruan leaders are now capable of conducting their own internal affairs and therefore recommends that

a Legislative Council be set up in accordance with the expressed wishes of the representatives of the Nauruan people. The establishment of this Legislative Council would be a step in the direction of self-determination, which the Nauruan people have the right to exercise freely.

97. Finally, the Mission recommends that account should be taken of the Nauruans' desire for more favourable terms in the apportionment of profits from the exploitation of the phosphates.

98. The Mission once again expresses the hope that with goodwill on both sides the forthcoming negotiations will end in success. Another failure could envenom the situation and seriously prejudice the course of future events.

ANNEXES

ANNEX I

The resettlement question

(Memorandum submitted by the Nauru Local Government Council)

The Nauruan side of this question has not been well nor fully known.

The matter of finding a future home has always been important to the people of this island, and for many years, only to them.

Our own leaders, even before the last World War, foresaw the great difficulties which will face their people in future on account of the exploitations of the phosphate industry, and were worried. Out of this worry was first mooted the thought of some other island homeland, to take the place of Nauru when it might no longer be possible to live here.

That was our side of the coin, thus far. On the other side, we see a picture of the countries which owned the phosphate industry happily carrying on with their business with not much care for anything else on this island, other than to see that their countries get the soil, which was very rich in phosphate, in the cheapest way for agricultural purposes. These same countries own the island and its people by right of conquest — they captured them from the Germans in 1914. This ownership adopted another form as a result of the Treaty of Versailles, the island having become a Mandated Territory under the former League of Nations. In 1947, it became a Trust Territory under the United Nations Organization — the Trustees being the same three countries.

Immediately after the Second World War, Nauruan leaders saw the inevitable thing happening to our neighbours on Ocean Island who had to be transferred and are now on Rabi Island, in the Fiji group. They began to propose and make suggestions for a future home. From then on the Administration has taken up the matter, and later the United Nations also became involved. It is now the resettlement question of today.

In the minds of people here the future home has always been thought of to be another island somewhere. They thought the Administration knew this, agreed with it and was striving in an effort to find one. Then came the first big disappointment of the people when the Administering Authority surprised them with their 1960 proposals to resettle Nauruans in Australia, New Zealand or the United Kingdom as citizens of any one of those three countries or scattered in all the three countries.

To the Council and the people of this island, setback after setback followed that disappointment leading up to the serious situation of today wherein we have been compelled to elect to remain on Nauru.

No doubt the Australian Government will say that it is entirely our fault, and with their clever public relations no doubt people will believe them. As always we shall endeavour to present the truth of the matter as we know it and as we believe it to have been, and is.

If the Trusteeship Council does not already know the circumstances and facts of the present position regarding Nauruan resettlement, on which question that Council has spent a lot of time and effort which we have appreciated and were grateful for, we think this Mission would want an explanation from this Council. We ourselves feel we owe the Trusteeship Council some explanation, as we have

told them in 1961, 1962 and 1963 that the Nauruan people will not go back on their decision to resettle elsewhere.

Would you therefore please note that we had not said that to mean we will adhere to the decision come what may. It will be unfair to expect us not to change that decision when the important conditions we had hoped for have changed. To adhere to such a decision would mean to resettle on Australian terms and these, with due respect to that Government and to its representatives here, are unacceptable to our people.

We respectfully submit the following account, in which will be evident our disappointment and regret in certain aspects of the question of Nauruan resettlement and in the manner in which some of them have been handled from the beginning, in order that the Visiting Mission should know and be informed. The Mission itself will assess whether any and what factor may be regarded to have contributed to the present state of affairs, and to what degree.

RESETTLEMENT PROPOSALS OF THE THREE GOVERNMENTS

The Nauruan rejection of these was not made known by Australian representatives at the right time to the Trusteeship Council.

On 12 October 1960, Council's delegation advised the Honourable Paul Hasluck, M.P., Minister of State for Territories, in his Parliamentary office that they did not favour the proposals for Nauruan resettlement which he had outlined to them.

In a formal statement in writing, a copy of which was handed to Mr. Dudley McCarthy in the presence of the Acting Administrator, Mr. Caudwell, at a meeting in the *Domaneab* ^a on 15 December 1960, the proposals were categorically rejected by our Council on behalf of the people of Nauru. From the statement this passage is quoted as relevant :

"... we regret that it is our duty to tell you that we are genuinely unable to accept your generous proposals for the resettlement of our people. We tell you this with all humility and assure you that it is the sincere wish of our people which we ourselves unanimously support."

After this rejection, Australian Government representatives began to proclaim loudly in the Press at home and elsewhere how the Nauruans had regarded as very generous the offer of the three Governments to resettle them in Australia, New Zealand and the United Kingdom. At its twenty-seventh session in June 1961, the Trusteeship Council was mainly told this, also how we had not been able to make up our minds and were to be appreciated in this delay as the decision we were to make was a big one.

The announcements were so loud that they almost drowned out the voice of the Nauruan leader, the late Councillor Gadabu, who at about the same time was politely trying to tell the Press and the Trusteeship Council that the proposals were unacceptable to the Nauruan people.

Australian representatives stuck long to the part about "generous proposals" and down the years from 1961 to 1964, they were still

^a Meeting-place of the people.

echoing it in the halls of the United Nations and elsewhere, sometimes in Nauruan presence and sometimes not. If the statement was read, one could have seen that Australian representatives had taken out a part of the sentence which suited them, in the statement, and omitted the rest. Quoting from the statement, the sentence, in full, reads :

“The proposals of the three Governments are very generous on the one hand but unsatisfactory and far short of our requirements on the other.”

It was followed by two short paragraphs giving reasons why our Council thought they were generous. The rest, comprising nearly seven of the nine-page statement, was taken up in the explanation of reasons why we considered the proposals “unsatisfactory and far short of our requirements”.

We feel it is necessary at this stage to make clear that we still regard the 1960 resettlement proposals of the three Governments as generous, for the reasons we have made known. But they are still unsatisfactory and far short of our requirements — for the same reasons we gave in 1960, the validity of which we think have not been lessened by the lapse of time.

We submit that the 15 December 1960 statement of the Nauruan Council should have been made available to the Trusteeship Council at its twenty-seventh session, when it was discussing the three Governments' proposals for Nauruan resettlement. Although we recognize the fact that Australia may not have been under any obligation to make available copies of the statement, to have done so would at least have given the Trusteeship Council a better knowledge of our side of the question from the beginning. Furthermore it might have saved us the embarrassment of being referred to as “masters of indecision” in the General Assembly that year, by His Excellency, Ambassador Salamanca of Bolivia, who in 1962 with the Visiting Mission under Sir Hugh Foot told our Council that we should make up our minds. After some explaining on our part he eventually understood the position better. Our Council is worried about those who may still not understand the present position and how it came about.

DESIDERATA FOR THE FUTURE NAURUAN HOMELAND

These were stated also in the statement of 15 December 1960. They did not provoke much comment, if any, at the time of the meeting in the *Domaneab*.

We thought the importance people think we attached to them was somewhat exaggerated in their minds, later.

It all began by asking people what they look for in a new island home and they told us. Perhaps it was a mistake on our part not to have screened what people actually said at Social Centre meetings. However, in our opinion all along, they were never more than a set of conditions representing the ideal we wanted to aim at in respect of the island home we were seeking. We certainly had not intended that by mentioning the ideal, it should be taken by others to mean that we will not and will be unhappy to accept less. From the beginning, and Australia knew, we have always related these conditions as being obtainable in Fraser Island and later, also in Curtis Island.

There have been statements by Australian representatives which had seemed to give the impression that we had given Australia a tall order in their quest for a Curtis Island. A Council's delegation, at the time it was looking at an area outside Rockhampton, suggested it first. The delegation was flown over the island to view it from the air and had indicated then their wish to hear a report on its potentials by experts, as was also the case with Hinchinbrook. This took place sometime during the latter half of 1962.

STATEMENT OF THE PRIME MINISTER, SIR ROBERT MENZIES

Our late member, Councillor Raymond Gadabu, had an interview with the Prime Minister of Australia, Sir Robert Menzies, prior to his attendance at Trusteeship Council meetings in New York

in June 1961. The Prime Minister made a statement after this interview in which he was reported by an Australian paper to have said that neither Australia, New Zealand nor the United Kingdom were forcing a resettlement solution on Nauru. We reproduce below, for information, the rest of the relevant statement from a cutting from the Melbourne *Herald* :

(Our cutting was not dated)

“It is their decision alone,” he said.

“We are trying to take the long-range view.

“Our approach is not a doctrinaire one, but one which will meet the wishes of the people of Nauru.

“Being in the course of using the resources of Nauru, with New Zealand and the United Kingdom, we recognize an obligation not merely to leave them to their own devices but to accept a national responsibility in the matter along with New Zealand and the United Kingdom.

“This involves either finding an island for the Nauruans or receiving them into one of the three countries, or all of the three countries.

“We stand willing to honour the implicit obligation of our joint tenancy, but before any final step is taken we will pay great regard to the views of the Nauruans,” Mr. Menzies said.

FRUSTRATIONS OF THE COUNCIL

In our efforts to find, along with Australia and others, a solution to the problem of Nauruan resettlement, there have been frustrations owing to delays on the part of the Australian Government. We were not always in the position to know and appreciate the reasons which caused delays but we have no doubt there were always good reasons. Nevertheless we could not help feeling that any delays, by anyone including ourselves, have been generally detrimental to Nauruan interests in the resettlement question. This is not just high-sounding talk without meaning. Apart from other considerations, early achievement of resettlement, we submit, would save costs of building up on an island which people would leave. This would have been the case had the talks succeeded on resettlement last August. In the phosphate royalty discussions in Canberra in April 1959, when Council was seeking to increase from 1/- to 2/- per ton rate of royalty payable into the vitally important Nauruan Community Long Term Investment Fund, Australian representatives will recall the British Phosphate Commissioners' usage of the lack of finality about resettlement to block the increase, which they succeeded in doing with the support of the Government.

In some of our meetings there seemed to have been lack of a common ground of understanding between us and departmental officers on matters of varying importance, and these have not been without frustrations, in themselves. It is quite possible those officials might have the same feeling about our own efforts. However we are able only to explain our side.

In genuine anxiety to make some progress after we had rejected the original resettlement proposals in 1960, and after having noticed that publicity about them with a one-sided effect was continuing late into 1961, we instructed our representative, the late Councillor Gadabu, that when he returned from New York, he must endeavour, whilst in Canberra, to seek on our behalf another meeting on Nauruan resettlement with the Department. He did and was advised by the Department that there will be another meeting as soon as one could be conveniently arranged.

There was no further meeting in 1961.

The next meeting took place following the inspection of Prince of Wales and Fraser Islands in February 1962, in Canberra. In discussions with departmental officers then, we had endeavoured to explain our people's aspirations for some form of independence in their future island home off Australia. We explained how there could be special relations between Australia and ourselves, along the lines of those which existed between Western Samoa and New Zealand. The officials explained that that was not what we wanted; it was not clear to them what we wanted; Western Samoa was not

an independent State. Council's delegation then requested that they should be assisted to consult legal counsel and they mentioned names of two well-known Australian Queen's Counsels. The officials countered with the suggestion that an officer of the Department could quite capably advise us as necessary, and we agreed. They agreed with us when we modified our description of what we wanted to "maximum degree of control over our own affairs" when we are resettled, and the Minister was advised.

At the informal meeting in Government House grounds on the night of 6 April, Mr. McCarthy made the Council understand quite clearly that Australia would not allow the form of independence we were seeking on any of the off-shore islands. Consequently we have had to seek clarification of Australia's stand on the matter directly from the Minister, and through the office of the Acting Administrator, the following telegram was dispatched on 10 April :

" Council and people now understand in event resettlement any islands off Australian coast, for example Fraser Island, Australian Government will not allow any sovereign independence repeat sovereign independence Nauruan community such islands being regarded integral part Australia. Please advise if this understanding correct. If answer is affirmative Council therefore understand most we may expect or aspire to would be municipal or city level of government independence under an appropriate State government with overriding federal control in all government instrumentalities departments in accordance *status quo* of Australian Constitution. Is understanding correct? Please advise clearly and urgently as Council very worried. Kindest regards

" Head Chief "

In discussing the telegram before it was dispatched, the Acting Administrator said that he did not think Mr. McCarthy was speaking for the Australian Government that night. We did not know whether or not this was correct.

The Minister, through the same office, replied on 12 April as follows :

" My understanding was that we agreed in our talk that apart from any questions willingness Australian Government to permit an independent settlement within its borders Council, in consultation people and assisted by departmental officer made available for the purposes, would draw up proposals setting out with precision maximum degree of control of its own affairs that Council consider it would be practicable for a Nauruan community living on an island adjacent to Australia (if a suitable and available place can be found) to sustain and support. This proposal would provide basis for further discussion with Government, until a specific proposal based on workable arrangements can be drawn up, as your people suggested alternative to government answer to your question be given. I gave you my personal opinion that an Australian Government would be unlikely to agree to establishment within its borders of a community which was not subject in any way to its jurisdiction, just as I also expressed my opinion that it would not in any case be a workable arrangement for community of foreseeable size Nauruan community to provide resources for all complete range functions Government. Regret have not yet been able to make firm arrangement departmental officer proceed Nauru owing departmental staff change but hope to be able to inform you firm arrangements very shortly. All good wishes "

Our Council then thought that, just as in the Prime Minister's announcement in 1961, there was room for hope in the above reply from the Minister for Territories, although we would then have preferred to receive a precise and clear answer from him.

What has since been more regretted was the fact that the level of Government envisaged for us all along was that which the Director of Nauruan Resettlement, Mr. Marsh, officially explained approximately eighteen months later on Nauru — municipal level — under the State Government of Queensland. The least

that can be assessed of the result of these phases of our transaction with Australia on the matter of resettlement is that it has unnecessarily delayed our contribution towards the solution of the problem of Nauruan resettlement, and this the Council sincerely and sadly regrets.

In our opinion what had been our loss could only have been Australia's gain. Time is on their side. Of this, only the very uninformed Nauruans are unaware.

As promised, an officer from the Department of Territories, Mr. Frank Gillies, arrived in May 1962, and assisted the Council, in our opinion most capably, in the drafting of the Nauruan resettlement proposals which were subsequently submitted to the Minister in June and which later still became known as document T/1600^b in the Trusteeship Council.

These much-awaited formal proposals however were hardly ever discussed thereafter, despite understanding in the Trusteeship Council that they would be after the Head Chief returned from attending that Council's twenty-eighth session in New York.

Our delegates in September 1962 did pursue the matter and suggested to the Minister for Territories, in a plane on a ministerial flight back from Darwin to Canberra, that we prefer a discussion, point by point, of the Nauruan resettlement proposals in order to isolate for special attention those proposals of which Australia may have apprehensions. The Minister's reply was to the effect that that could be one way of doing it. There was nothing further done about the proposals except that they were briefly discussed last August at the conferences which had resulted in our electing to remain on Nauru.

On occasion, also, attempts on our part to press for discussions of matters including resettlement have been unsuccessful. Prior to the departure of our Secretary, Cr. Bernicke, with the Australian delegation to attend your meetings in New York last year, in an endeavour to ensure that Councillor should be informed of latest positions on various matters which were important, we requested to have discussions with the Department but were not successful. This was not the only occasion.

UNFAIR GOVERNMENT PROPAGANDA

In the Press generally, and in official publications of the Department of Territories at times in the past, there have been references to the Nauruan resettlement problem having emphasis on it being caused by future population figures anticipated and rising standards of living, etc. These have hidden and confused the main cause of the problem — destruction of the island by exploitations of a phosphate industry, and we regard them as unfair propaganda of the Government where it has been the source of such publicity, as it was in the case of the material published by the Department.

We have complained to our Administrator about this and we have been pleased to note that there has been no such propaganda lately.

FRASER ISLAND

This was first mentioned by a Nauruan delegation to the Minister for Territories on 12 October 1960 and again in formal Council statement of 15 December 1960 to Mr. Dudley McCarthy.

During the latter half of 1962, our Council formally requested that an expert survey be made of the island to assess its resources and potentialities, including the growing of coconut and pandanus trees to which we ourselves attach much importance. There has been no reply to our letter to date, and instead Australia has pushed Curtis Island on to us.

Compared to Curtis Island, which is practically attached to the mainland at low tide, the nearest point on Fraser Island is six miles from the mainland, we have been told. From this point in the south

^b Official Records of the Trusteeship Council, Twenty-ninth Session, Annexes, agenda item 3.

the island swings out into the Pacific in a north and easterly direction, away from mainland Australia.

Apart from any other advantages it may have, some of us thought it has less mosquitoes compared to Curtis Island. Of course, one of its great advantages, in our opinion, is the fact that its land mass lies outside of three miles which is the limit of normal territorial waters of all countries. Although it would still be regarded as part of the Australian mainland, the concept of having there a separate Nauru, so we had thought, would provoke less unfavourable thinking on the part of the Australian public towards Nauruan aspirations for a limited form of independence. However, we have been prevented, very easily by the Australian Government, from pursuing the useful advantages we know Fraser Island has.

CURTIS ISLAND RESETTLEMENT

The Director of Nauruan Resettlement, Mr. Marsh, brought to Nauru in September 1963 the latest proposals of the three Governments for the resettlement of Nauruans on Curtis Island.

The form of government we were allowed to have on Curtis Island was at the municipal level under the Queensland State Government, of which we had sought clarification from the Minister for Territories from as far back as April 1962.

In passing, it would be fair to mention that the coloured films did enhance on the screen the appearance of billabongs when these caught the reflections of light from the Tropic of Capricorn skies, and when they did not show the clouds of mosquitoes which are usually found in such areas. Mr. Marsh's explanation also of impending commencement of television on nearby Rockhampton, we thought, was somewhat irrelevant, in so far as attractive landscapes had nothing to do with forms of government, and television programmes could still have been received on Curtis Island by sets owned by Nauruans living under a government of level higher than municipal. Mr. Marsh himself will recall that he was given the fairest chances in which to present the Governments' proposals to the people on this island. The Nauruans had not lost their objectivity for Curtis Island.

The proposals were rejected by the Nauru Local Government Council on behalf of the Nauruan people, saying it would, in due course, make counter-proposals.

The Council began preliminary counter-proposals by letter in April 1964 and later finally at the July/August conferences in Canberra. We append herewith copy of Council's statement * to the present Minister for Territories, the Honourable C. E. Barnes, M.P., which statement covered those conferences.

MINISTERIAL STATEMENT

A copy of the text of the statement made in the Australian Parliament by the Minister for Territories is appended for information. *

There was reference in the statement about our part in closing the door on the resettlement question against advice of the Australian representatives.

In our opinion it is quite pointless to discuss the question of resettlement on Curtis Island again on the Government's terms of September 1963. The representatives had not said that the Governments would consider the resettlement proposals we submitted at the conference last August.

Naturally we are disappointed also in the remarks which referred to our proposals regarding defence and quarantine matters. We refer the Mission to the relevant account of these subjects in the copy of our statement * of last August to the Minister, for the correct version.

CONCLUSION

The Council and people of this island regret the unhappy conclusion of the talks on resettlement last year.

The reasons why we have taken the present stand should by now be fairly well known, and we hope the Visiting Mission will understand and appreciate them.

* Not reproduced in this annex.

ANNEX II

The future of the Nauruan people. Rehabilitation of worked-out phosphate lands *(Memorandum submitted by the Nauru Local Government Council)*

Because of the reasons we have made known, we have decided to work out our future on our own island and not to seek resettlement elsewhere.

To this end, we and our people will endeavour with every effort at our command. We are quite prepared to dedicate ourselves to the task at hand. We fully recognize the fact that there will be difficulties, some big, some small. Some of these are obvious and are already being pointed out to us by kindly people.

We fully admit the fact that life then will not be as good and as Western as it would have been had our proposal to resettle on a suitable island close to Australia not been rejected by that Government.

We are prepared to suffer some inconveniences in order to retain and preserve our national and racial identity and entity. We are encouraged in this by the fact that neighbouring islands and peoples are managing to preserve theirs under other Governments. The United Kingdom and the United States, who look after these peoples, have no designs to create situations for those peoples in which they will eventually be found unable to preserve their national and racial identities. Tell us so now if the contrary is the truth. Silence will lull us into a state of false security. We know that those peoples are happy and contented.

We have the courage to face the future but refuse to lose our sense of reality about it.

These attributes and courage in us and our people will not be adequate and will be of no avail if we do not have the whole of Nauru available in which to work out our future. It is not and it will not be fair to expect us to make-do and survive happily and contented on only about one-fifth of what the island was before the phosphate mining operations.

Nauru's lands, which have been denuded of soil to enrich soils of Australia, New Zealand and the United Kingdom, must be fully rehabilitated for our sake.

It is neither here nor there to claim in these days, however true it is, that phosphate is useless to agriculture if it is not mixed with sulphur derivatives.

It is irrelevant in this context to continue making statements that Nauru is the richest island in the world and its people wealthy on account of the phosphates; or that it is enjoying a good administration.

It is a strange thing then to teach locally and elsewhere and narrate truthfully in historical accounts of the island that before the phosphate was found people here lived the normal and happy way of island life, that is, mainly from the fruits of the land and fish in

the sea, and to be saying now, under other circumstances, that the lands from which phosphates are mined have always been useless. We think representatives of the Administering Authority here will not challenge the truth of the following claims which we will now make in support of what we have said in regard to this aspect :

1. Dwelling houses are important to any people at any time. Materials for those which Nauruans lived in at the time in question were obtained from trees which grew on the phosphate plateau, and little from elsewhere.

2. The canoes which people used then to catch fish on which they lived, were built from materials obtained from trees which grew on the phosphate plateau. These are the tomano trees which did not grow much elsewhere on the island except on the phosphate lands.

3. Pandanus, which ranked next only to coconut in importance to the diet of the people, then grew on the phosphate lands.

4. Birds, the black noddies, which constituted the only meat part of people's diet apart from fish, were found on trees which grew only on the phosphate lands.

5. Coconut trees grow on phosphate lands and although people did not cultivate them there they had managed to grow well. There was no need to grow them there as the number which grew, cultivated and uncultivated on the flat coastal belt, were usually more than sufficient for the needs of the small population then.

From that we will go on to make the claim that the greenery from trees which grew on the phosphate lands contributed in no small measure to general congeniality of living conditions then, which conditions we claim with equal force, could not be obtained from gaping holes and outcrops of coral pinnacles.

The Mission itself will have time to study whether or not the heat from a desert of coral pinnacles has no effect whatever on climatic conditions of this island. Its study will be more complete if they see neighbouring Ocean Island and compare fruits from trees which now grow adjacent to phosphate minefields with those which grew previously. Although we still find difficulty in believing that heat from empty and barren phosphate lands, when it rises from what will be four-fifths of this island, will not affect atmospheric conditions in regard to rainfall, we must stand corrected and accept the integrity of science. The Administering Authority seemed to have disproved our belief with statistical figures of rainfall on this island.

The above beliefs as well as others may be regarded as relevant and valid if they are being engaged in for the purpose of conditioning by Australia to escape all responsibilities for the present plight of the people of this island and obligations if there should be any to these people.

If Australia does not think it should have any part in rehabilitating the phosphate lands on Nauru, it would be kind to us if it said so.

We append herewith copy of document in which may be found estimates of costs for rehabilitating the island as made by the British Phosphate Commissioners and not the Australian Government, for the information of the Mission. The subject of the document is still being studied on our behalf by experts we are consulting.

In our opinion the proper time to have started the work of rehabilitation was immediately after Australia had rejected our proposals for resettlement elsewhere, which has been responsible for our decision to remain on Nauru. The least the local Administration could have done was to have co-operated with our request that logs and stumps which had been lying around at one time should be used to fill holes on the phosphate lands. We quote relevant parts of minutes of one of our meetings with the Acting Administrator then to illustrate our point. The meeting took place on 30 September 1964, in this *Domaneab*.

“ *Acting Administrator* : There is only one item submitted by Council, which reads :

“ ‘ That for the purpose of initiating and assisting the work of filling in the phosphate deposit quarries, coconut logs, stumps

and other suitable materials lying around the island be used and that prisoners are used in this work. ’

“ Does anyone wish to speak on this? ”

“ *Head Chief* : Actually the last bit of the agenda item ‘ that prisoners are used in this work ’ is not worded correctly. The item should simply convey the sense that the Council feels it would be in keeping with the declared intention of the Nauruans to stay here and not be resettled elsewhere and to have the mined phosphate lands reclaimed. For that purpose we think the considerable quantity of coconut logs and stumps which are lying about all over the island should be used to start the work of reclaiming the land. That prisoners be used in this work is an idea we have had but we do not wish to request it in an agenda item in this manner, we merely wish to seek your opinion on it. I think that is all I have to say on it, Your Honour.

“ *Acting Administrator* : There are two or three points that occur to me. The first is that many of these coconut logs and stumps are, no doubt, the ones that have fallen as the result of the ringmain installation. I understand that landowners have been, or are being, compensated for trees that have been removed. So far as cleaning up is concerned, the landowners are no different from landowners anywhere else — i.e. they should clean up their own land holdings.

“ The second point is this, the sort of material you are talking about is almost in the rubbish stage and so far as I am aware the Administration has never accepted responsibility for rubbish disposal. On the other hand, Section 44 of the Nauru Local Government Council Ordinance, dealing with the functions of the Council, includes the disposal of rubbish.

“ The third point, and perhaps the most important one, is this. I have read through the Minister's statement issued to the Press after the recent talks in Canberra and I cannot find anything in it indicating that the Australian Government would restore the level of the phosphate grounds by way of filling in. There may, of course, be other papers coming up. There may be decisions made later that will affect this issue. I think all I can do is to bring the matter to Mr. Leydin's attention on his return and he can look into it.

“ With regard to the use of prisoner labour (which you did not wish to include as a formal expression of the item itself), our prisoner population fluctuates a little as you know and we hope that they won't rise significantly and stay high, but I understand from remarks passed in other contexts by the Director of Police that he is already fully committed with work for the prisoners. If it is desired that these logs be taken away and the owners themselves cannot do so, I would think it is beyond the capacity of the prison labour force. Is there any further comment on this item? ”

“ *Head Chief* : I merely wish to say this before we leave the item, that although the Minister has not said that the Australian Government would undertake to reclaim the lands as requested by Council's delegation we think the idea still has merit in itself, apart from any direction from Canberra, to make it worthwhile pursuing it here as a local activity, if it can be done. Already the BPC are reclaiming some areas, in a very slow manner, but we feel, nevertheless, that it is in the right direction and the reason we mention this to Your Honour this morning is because we feel Council's labour resources are not adequate to take this job on in a realistic manner. We may have occasional periods in which we could have labour to transport the logs to the fields but generally we are not in a position to do so because our labour resources are short. We thought that the Administration might be able to do it and that if at times the prison strength would facilitate it, it might be an idea to use prison labour. This is what I wished to say.

“ *Acting Administrator* : I agree that some areas of the worked-out phosphate fields could be a ready-made rubbish tip. As mentioned to you last week I think it is highly desirable that

the Districts be cleaned up. Possibly something can be arranged. I would suggest that a first step in this might be that the landowners who want these logs removed hop in and do a bit themselves by way of collecting the material, regardless of who does the picking up. It is the responsibility of the landowner or occupier to clean up his own land.

"Head Chief: Thank you."

APPENDIX

Statement of the British Phosphate Commissioners^c

NAURU — SUGGESTED RESTORATION OF WORKED-OUT MINING AREAS

In announcing their rejection of proposals for resettlement and their intention to remain as a people, the Nauru Local Government Council has linked with this a request that their worked-out phosphate lands should be restored by backfilling with soil from Australia.

Head Chief Hammer De Roburt has stated that it is intended to plant coconuts on the restored mining areas with a view to maintaining the growing population at Nauru after the phosphate deposits are worked out.

Replacement of phosphate in worked-out areas with imported soil

Even before phosphate working commenced, no more than a few scattered coconut trees ever grew on the mining areas above the 80' contour and these in favourable situations. Growth of coconuts is generally confined to the sandy coastal strip and lower coastal slopes and to the Buada Lagoon area (some 154 acres) which contains phosphate, about 1.85 million tons, but which it is not intended to work while any of the indigenous race remains.

Apparently the Nauruans hope to create a fertile area where there was previously only a scattered growth of trees of very little food-bearing value, i.e. tomano, pandanus, wild almond etc.

Even if the worked-out fields were filled back with soil it would be difficult to visualize the establishment of coconut plantations under such conditions in a climate with wide fluctuations in rainfall from 8" to 180" with long cycles of drought and in a situation where precipitation rapidly disappears through the limestone bed.

The practical possibilities of establishing coconut under these conditions would be a matter for agronomists with experience in the cultivation of this species.

However, it would clearly be economically impossible to replace the whole of the phosphate mined from the coral limestone formation with soil from an outside source.

The total of phosphate rock extracted when the deposit is fully worked will be over 90 million tons which would mean back-loading say 3.75 million tons of soil a year for the 25 years of life of the deposit, over which period only upwards of 2.5 million tons of ore a year would be shipped out.

The cost of procuring, shipping and landing such a quantity of soil at an estimated £3.18.2 per ton would be beyond consideration.^d

Levelling and filling in worked-out areas

If restoration of the mining fields is attempted it would seem that the only practical method would be to quarry sufficient of the coral limestone pinnacle formation at about two-thirds depth of the field (average depth of fields twenty-five feet) to partially fill in the spaces between the pinnacles left standing. This would create a

^c Made under cover of their General Manager's letter dated 5 October 1964, replying to a letter dated 14 September 1964 from the Secretary of the Department of Territories, concerning the Nauruan request that worked-out phosphate lands should be restored by backfilling with soil from overseas sources. A copy of the statement was officially presented by the Department to the Head Chief of Nauru, in Canberra, on 27 November 1964.

^d These costs form part of the estimate detailed in parts B and C of this annex.

series of contour terraces ten to twenty feet below present surface. The larger voids in the shattered limestone filling would have to be filled in with crushed limestone to produce a level working surface. Imported fill would have to be spread, to be washed into limestone in the wet season and thoroughly compacted to prevent rapid leaching away of the top soil. On this prepared surface sufficient good soil would then have to be spread to provide for an adequate residual depth for planting.

<i>Area to be restored</i>		<i>Acres</i>
Total area of Nauru		5,263
Less — coconut land on flat, rocky non-phosphate land and unworkable land	1,020	
Lagoon and surrounding coconut land	154	
Rocky land containing very little phosphate ..	585	1,759
<i>Mined limestone pinnacle area to be considered for restoration</i>		
		3,500
Over 25 years = 140 acres a year, say 3 acres a week.		=

A. Levelling worked-out areas

Average yield per acre

27,000 wet tons

Of block volume of land worked, approximately one-third is pinnacle limestone, i.e., 13,500 tons out of block volume 40,500 tons.

No filling can be borrowed from other parts of the island, so that to produce a level area, all the space between pinnacles must be filled wholly by shattered limestone and imported soil. Pinnacles must be blasted at approximately one-third height above base to rough-fill spaces.

Equipment required to level and compact 3 acres per week :

18 grabbing cranes, bulldozers, loaders, graders, rollers, etc.

9 mobile tractor-compressors and jack hammers

2 mobile crushing plants

9 quarry trucks

Additional field labour required :

30 machine operators and truck drivers

36 jack-hammer men, powder monkeys, crushers

24 sundry

—

90

=

Cost per acre : blasting pinnacles to produce level area and crushing sufficient limestone to compact this :

Quarrying limestone pinnacles (9,000 tons at 17/-)..... £ 7,600

Crushing limestone (4,000 tons at 13/-)

2,600

Spreading and compacting

1,200

Cost per acre (local material) 11,400

Total cost of rough levelling : £11,400 × 3,500 acres, say £40 million

B. Procuring and shipping soil to Nauru

There are a number of alternatives which could be considered, e.g. by chartering ships especially to transport soil from areas not necessarily in Australia or New Zealand; or by making considerable diversions of phosphate bulk carriers to load soil from remote, undeveloped areas. Costing of these proposals indicates that it might be cheaper to purchase soil or acquire land for stripping handy to main ports of discharge, and the following estimates are based on this.

The quantity of soil necessary to maintain a reasonable depth of top soil after filling all voids in the rough limestone filling is estimated to be equivalent to four feet over the whole area, i.e. : 3,500 acres × 1¹/₃ × 4,840 sq. yds. = 22,500,000 tons = 900,000 tons a year over 25 years.

Freight cost

Because of the low stowage factor of soil, only 10,000 tons could be back-loaded on normal 12,000 tons charters, i.e. 90 cargoes a year for twenty-five years.

Loss of ship's time over and above normal phosphate movement :

	Days
Bulk loading soil at Australian port	2
Discharging at Nauru	5
Time lost through weather, port delays, Sundays, holidays etc.	3
	10

Time for each ship

Loss of time for each ship = 10 days at £600 per day = £6,000 per voyage.

i.e. freight per ton = 12/-.

Delivery of soil at stockpile near wharf

Cost of soil loaded on truck	say 10/- per ton
(part subsoil at 5/- per ton, part top soil at 15/- per ton)	
Cartage — say 30 miles at 1/- per ton/mile ...	£1/10/0 per ton
<i>Total cost at stockpile</i>	<i>£2/0/0 per ton</i>

Loading on ship

It is proposed to load into ship at 400 tons per hour with two bucket elevators fitted with boot hoppers, into which soil would be dumped by truck from stockpile. Loading time would be 25 working hours.

Loading cost = 5/9 per ton.

Total cost per ton of procuring and shipping soil

	Per ton
Cost of soil at wharf	£2/0/0
Cost of loading on ship	5/9
Freight on soil	12/-
	£2/17/9

Total cost of procuring and shipping soil to island — 22,500,000 tons at, say, £2.17.9 per ton : say £65 million.

C. Cost of discharging soil at Nauru. Carting to fields, spreading and compacting

With 90 cargoes a year and allowing for unfavourable weather, two and sometimes three ships would be constantly discharging at the island.

In view of this, it would be economical to provide new boat harbours on both the westerly and easterly sides of the island, each equipped with cranes for discharge and handling barges.

Total capital expenditure on boat harbours, roads, buildings and other fixed plant required to handle soil imports and restore mining areas (see details below) : £2.9 million.

Annual costs

Capital expenditure — buildings and fixed plant interest and depreciation on £2.9 million	£ 206,000
Buildings and fixed plant — maintenance	20,000
Moorings — maintenance and replacement	60,000
Wharf cranes : 2 × 4,000 hours at £3	24,000
Barges : 12 × 4,000 hours at £4	192,000
Transporters : 18 × 4,000 hours at £2	144,000
Graders, rollers, skip dumpers, etc. : 8 × 4,000 hours at £3	96,000
Ship labour and supervision : 80 × 2,000 hours at 8/-	64,000
Sundry labour and supervision : 80 × 2,000 hours at 8/-	64,000
Skips — maintenance and replacement	50,000
<i>Total annual cost for 900,000 tons</i>	<i>920,000</i>
<i>Cost per ton</i>	<i>1/0/5</i>

Total cost of unloading from ship and transporting to area to be reclaimed — 22,500,000 tons at £1/0/5 =

Including all services — say £23 million

Total cost of reclaiming worked-out areas (3,500 acres)

	Total cost (in £ million)	Cost per year over 25 years (in £ million)
A. Levelling pinnacles	40	1.60
B. Loading and shipping soil	65	2.60
C. Discharging soil at island and transporting to site	23	0.92
<i>Total cost of reclaimed mining areas</i>	<i>128</i>	<i>5.12</i>

Average cost per acre reclaimed £36,570

Capital expenditure (annual charges included in above)

Installations	In £ million
Boat harbours	1.20
Boatsheds including boat gantries, etc.	0.20
Wharf cranes (20-ton) — 4	0.10
Harbour lighting	0.10
Main trucking roads	0.15
Workshop extensions	0.15
Power generations and distribution (including field transmission lines)	0.20
Other services	0.10
Labour housing	0.50
Staff housing	0.10
Oil tankage	0.10
	2.90

Movable plant (includes machines under overhaul)

	In £ million
Grabbing cranes, skip dumpers, loaders, dozers, graders, rollers, etc. (30 at £25,000)	0.75
Trucks (10 at £6,000)	0.06
Transporters (20-ton) (20 at £10,000)	0.20
Crushing plant	0.05
Field lighting	0.04
Compressors, fuel tankers, water tankers, service vehicles	0.05
<i>Say</i>	<i>1.15</i>

Marine plant and installations

	In £ million
Moorings	0.20
Landing and loading gear	0.07
Mooring	0.04
Power barges (60-ton) 16 at £25,000	0.40
Skips (20 tons loaded) 90 at £900	0.08
	0.79

Total expenditure plant and installations

Additional personnel required :

Staff	18
Labour	250

Suggested restoration of mining areas

Summary	
Area of workable land	3,500 acres
Period over which land must be reclaimed	25 years
Average depth of phosphate land	25 feet
Average yield per acre	27,000 wet tons
Average density of limestone pinnacles ...	1/3 of area volume
Soil required to fill voids in rough limestone fill and provide top soil for planting ...	6,450 tons per acre
Total soil required	22 1/2 million tons
Soil per year over 25 years	900,000 tons
i.e., number of 10,000 ton cargoes per year	90

Cost of restoration

	<i>Per ton of soil spread (£)</i>	<i>Per acre (£)</i>	<i>Total cost (in £ million)</i>	<i>Cost per year over 25 years (in £ million)</i>
A. Blasting down pinnacles and consolidating with crushed limestone	1/15/6	11,400	40	1.60
B. Procuring and shipping soil. Cost of soil at loading point	2/-/-	18,600	65	2.60
Loading on ship	5/9			
Freight	12/-			
C. Discharging soil at island	1/-/5	6,570	23	0.92
Trucking to mining areas				
Spreading and consolidating				
TOTAL COST	<u>5/13/8</u>	<u>36,570</u>	<u>128</u>	<u>5.12 *</u>

* This would add £2 per ton to *f.o.b.* cost of Nauru phosphate.

ANNEX III

Legislative Council

(Memorandum submitted by the Nauru Local Government Council)

In the Council's submission to the 1959 United Nations Visiting Mission to Nauru, a request for the introduction of a Legislative Council in 1964 was made, and again in 1962 when the first request appeared to have made no impression on the Administering Authority, the same proposal was presented in a slightly different way in that target dates for independence were sought to be firmly set with the hope that as an inevitable last jumping post towards independence, legislative status has first to be traversed. Up to the present moment, there has been no legislative.

There were eleven Trust Territories when the United Nations Trusteeship Council commenced working; today there remain only three, including Nauru. The other eight have now taken their places with the independent nations of the world and two of the three remaining under the Trusteeship System have attained legislative status or its equivalent. Only little Nauru is still being considered unsuitable and unfit yet for such level of government.

In April 1964, the proposal was once again submitted and it was at this stage that we were informed for the first time that the question was closely tied up with that of resettlement. Being confounded and stunned by the information, we sought clarification from various sources and the Committee of Twenty-four gave its opinion on the matter by stating in no ambiguous language that the two questions were quite separate. We now understand that the proposal will be one of the topics for discussions at the forthcoming conference in Canberra.

We feel that by comparison our people are more ready to shoulder political responsibilities on legislative level than those to whom such had already been granted, and we quote what was submitted by this Council to the United Nations 1962 Visiting Mission on this particular topic :

“ The Council, having in mind the smallness in size and the population of the island, thus affording easy and favourable

facilities for disseminating and communicating knowledge amongst the people, together with the early introduction of learning by the missionaries and the introduction of compulsory education by the Australian Government over thirty years ago, resulting in a very high degree of literacy (95 per cent), and also the experience gained in handling governmental matters on purely advisory and consultant level and the experience gained in democratic principles, in methods of approach to human problems, and in the machinery of good governments through contact with democratic ways of life for a long time, and the standard of education now reached as compared with that of thirty-four years ago, feels that the time has come for some sort of change. ”^e

The foregoing is reproduced to support the view that we are comparatively ready for legislative status.

The details of the Legislative Council and the Executive we envisage would be presented when finality is reached for its introduction. It will in general be along the line of similar Council in the other Territories with the following composition and limitation as agreed by the Council :

- (1) Administrator as Chairman;
- (2) Nominated members (Administrator);
- (3) Nauruan representatives in the majority;
- (4) Matters touching on resettlement and phosphate industry, including royalty, to lie outside the jurisdiction of the Council.

The Council to commence functioning with all possible speed until the end of a two-year period at the expiration of which review will be conducted with a view to establishing independence for Nauru.

^e *Official Records of the Trusteeship Council, Twenty-ninth Session, Supplement No. 2 (T/1603), documents T/1595 and Add.1, annex II, p. 24.*

Independence

(Memorandum submitted by the Nauru Local Government Council)

The ultimate goal of all Trust Territories is self-government or independence and, of course, everybody knows it and the countries concerned in this great work had agreed and had undertaken upon themselves to work towards its achievement. The only aspect of the question in which they may differ is the time, that is, when such and such Territory is ready for independence.

After having passed through the necessary stages of progress, most of the Trust Territories had achieved independence.

We therefore request that after a period of two years at legislative level, our position is reviewed with a view to commencing independence. We have been so far on advisory and consultative level for thirty-seven years and we request that we not be left too long on legislative level.

The idea of independence may sound and appear ridiculous, irrelevant and too ambitious for an island of the size of Nauru with such a small population. Independence is such an elaborate and complicated arrangement that only large countries with large populations can run and handle it to their advantage. However, we feel, and we would indeed be glad to be corrected, that these elaborate and complicated governmental arrangements can be so simplified conditions that they can be run and handled to our advantage. We look forward to both the Administering Authorities and the United Nations through their suitable and competent agencies to assist in simplifying these governmental instrumentalities to meet our local requirements and conditions.

Of course, we are aware that there may be matters that cannot be simplified, they must be as they are or none at all. In respect of these matters we would seek help and assistance from nations willing to afford us a friendly hand, preferably those countries near us, if they are so willing.

In the furtherance of our views on the question of independence for a small island with a small population, we quote what was submitted to the United Nations 1962 Visiting Mission by this Council :

“ By looking through the *Official Records* of your past meetings, and in particular the twenty-seventh session, we had learned that some nations on your Trusteeship Council seemed to consider as absurd any idea of eventual independence for so small a community as ours.

“ Despite those views, we ourselves still hold that there are also advantages in being a small community — not only disadvantages.

“ Provided in our new homeland close to Australia that —

- “ 1. We have sufficient wealth to keep us reasonably free from any serious want;
- “ 2. We have been educated enough to run our own affairs satisfactorily, honour our end of any necessary and valid international commitments, and maintain good relations with the rest of the world;
- “ 3. No war-loving people will foist their evil designs on our peaceful existence; and
- “ 4. That we will always have a friendly, big and powerful Australia as a close neighbour.

“ We think we can be quite a happy independent island. In fact, we think we will be happier than some people of the bigger

nations who, according to the Press, seem to be finding it difficult to achieve peace in their time.

“ *Proviso 1* above can be achieved. In our phosphate we have assured wealth for at least 30 years. It is not unreasonable to expect that a wise Administering Authority will be able to put away enough of this to be used for the needs of the people in future. Optimism in this regard should perhaps not be ridiculed by the sceptics, even if only for the fact that Nauru phosphate is about the best and the cheapest in the whole world. This does not mean that when resettled we will do nothing but sit and spend the money which has been saved.

“ It will be less difficult to achieve this for and on behalf of 10,000 than, say, for 10,000,000 people.

“ In clarification also of our view in the relevant part of this proviso these are some of the things we consider our people will not regard as serious needs : To have an Army, Navy and Air Force; to have stockpiles of hydrogen and atom bombs or nuclear weapons and rockets. It will certainly be necessary, however, to have internal security forces.

“ *Proviso 2* is not beyond our reach. It would be easier to educate a few thousand pleasant Christian people to run their own affairs capably than it would be to do the same with millions of less pleasant and less Christian people. Although it would seem as if learned statesmen of prominent nations at times would readily consider the granting of independence to the latter category of people simply because of their size and number, and theoretical potentials, however harmful these have been proven on several occasions.

“ The magnitude of, and expenditure for, international commitments envisaged and hoped for under this proviso will, in the main, be in direct proportion to the size of our community as compared with others in similar positions.

“ We think there will be no undue difficulty in our maintaining good relations with the world, as subject only to needs of upholding our fully justified sovereignty as a peace-loving people who should be accorded their normal dignity and respect, it is simply inevitable that we will have to maintain such relations.

“ *Proviso 3*, depends more on the attitude of other people rather than ourselves. We feel strongly, however, that the World Organization, of which you are members, will always be able to handle outside people stronger than ourselves, who might be inclined to threaten peace on our island.

“ We have always taken for granted the factor mentioned in *proviso 4*. We shall continue to hold on to this belief until we are authoritatively advised or compelled to think otherwise.”[†]

We are also aware of the need for funds for all these governmental functions under independence. Huge financial commitments will be necessary and a nation proposing to launch out on an independent type of government should possess a sound and viable economy to see it through, otherwise it will find itself in great and many difficulties.

It is proposed that statement on this aspect of independence would appear under the title — “ Phosphate Industry and Royalties ”.

[†] *Ibid.*, annex I, pp. 19-20.

ANNEX V

Phosphate industry and royalties

(Memorandum submitted by the Nauru Local Government Council)

OWNERSHIP

Nauru has one and only one economic asset worth considering, which is its phosphate deposits. This only asset is fast dwindling away and once it is exhausted, Nauru might as well cease planning for the future.

Half of this wealth up to 30 June 1963 has already been carried away with only slightly over half a million pounds in Australian currency received in return for the future. This covered a period of approximately just over fifty years. Had we been kindly treated, and given a more substantial return for the only national asset we have, the problems of the future would not be so frightening. It will serve no useful purpose to go over the past years and argue how unkindly we had been treated, but would rather that all concerned get down to business and sincerely plan with us how to make the best use of what remains of the asset.

We feel that in order to be able to have independence we would require funds and we are of the opinion that the remaining portion of our only asset is sufficient to finance such a form of government.

A complete reversal of ownership of this asset to us will secure our future and at the same time afford us opportunities to have an effective government on self-government level. Without this asset, independence will not be possible. With the complete ownership of the asset vested in the Nauruans, we might be enabled to obtain the best possible terms for our needs.

It is doubtful if the three partner Governments would need to share in the asset as much as we do. Surely, they have been primary beneficiaries of that first half of the island's only asset for all these years, and it is most unlikely that they will not still be primary consumers of the commodity — enjoying the fruits of a very efficient organization, the change-about will only be in ownership, all else remaining the same.

The three partner Governments, having fully realized the Nauruans' utter dependence for happiness of the remaining half of the island's only asset, may raise no objection to our ownership.

RATE OF EXTRACTION

We maintain that the proposed increase in rate of extraction will not be in our interests. Slowing down of rate of extraction for Ocean Island was not instituted, certainly, to place the people of the Gilbert and Ellice Islands Colonies in an unfavourable situation,

but rather to enable them to enjoy the pleasant life afforded by the Ocean Island phosphate as long as possible.

The Nauruan Community Long Term Investment Fund amounting to over £20 million and returning £1 million interest *per annum* at 5 per cent rate of interest at 3/- per ton after twenty-five years as proposed by the BPC is very attractive and will be very useful indeed. However, we wonder whether the same amount or somewhere near or above it, at a greater rate than 3/- per ton after a longer period than twenty-five years, will be realized or not. We submit, a greater amount than £20 million will be quite possible. Therefore, benefits deriving from a greater rate per ton than 3/- after a period longer than twenty-five years plus more time will be more acceptable and satisfactory to us than those which will be available under the other proposal.

Our thinking on this is that the rate of extraction is not to be increased but rather slowed down or maintained at present level.

ROYALTIES

The BPC offered to increase the royalties from 3/8 per ton to 7/- per ton. The Nauruans claimed a royalty of 25/8 per ton.

The history of royalties is a very interesting one. The royalties now payable to Nauruans as landowners have no legal basis. It is only through the generosity of the BPC that such payment is now made available. We have been told all this. This may appear irrelevant to be included in this submission, but we thought it would serve a useful purpose if it is only to reveal the attitude of the BPC towards payment of royalties to us as landowners.

Royalty payment can easily be traced back as far as the industry itself. It started at a very low level, being 1/2d. a ton at the outset of the phosphate export. It is against this background that every Nauruan proposal for increase in royalty has to battle.

The basis of Nauruan claim is that the amount claimed is exactly the amount that the BPC is now paying as royalty for Ocean Island phosphate. This rate has been enjoyed by the Gilbert and Ellice Islands Colony people for the last few years while Nauru, with all its worry for the future, is being paid 3/8 per ton royalty.

It is, however, our hope that at the forthcoming conference in Canberra, some understanding of the Nauruan wish and anxiety for its future will be fully realized and a more sympathetic attitude be accorded it.

ANNEX VI

United Nations assistance

(Memorandum submitted by the Nauru Local Government Council)

Under this heading, the Council, on behalf of the people of this island, would like to submit to the Mission the following request for assistance from the United Nations Organization :

To examine and advise on the whole problem of rehabilitating our island.

The political economy of Nauru⁸

(Report by Helen Hughes, Australian National University,
Adviser to the Nauru Local Government Council's Delegation
which attended the phosphate royalty talks in Canberra in August 1964)

The rent of land, therefore, considered as the price paid for the use of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take, but to what the farmer can afford to give. — ADAM SMITH

Nauru is a small coral island, twelve miles in circumference, just south of the equator to the west of the Gilbert and Ellice Islands, off the main Pacific trade routes. Its nearest neighbour, Ocean Island, an outlying member of the Gilbert and Ellice Colony, is 165 miles away. The Nauruans are thought to be of mixed Polynesian, Melanesian and Micronesian origin, but they were already very much a self-contained group of tribes when discovered by the first European, Captain John Fearn, voyaging from New Zealand to the China Seas in 1798.

Nauru is no jewel of the tropic seas. On a narrow belt around the island, 150 to 300 yards wide, pandanus and coconut palms grow, and inland, around Buada Lagoon in the south-west corner, some fertile land gives room to bananas, pineapples and other fruit and vegetables. Rainfall is very variable, and the soil too porous to hold moisture. Fish are not always very plentiful close to the island, and stormy seas often prevent small boats from venturing out beyond the reef, but Buada Lagoon is used for fish farming. Inside the coastal belt a coral reef rises forty to 100 feet above sea level to merge into a central plateau reaching up to 200 feet in some places; this area has always been rather barren, but it contained one of the world's richest deposits of phosphate, averaging 37 to 37.5 per cent of phosphorous pentoxide (P₂O₅), with few undesirable impurities.

For the closely knit Nauruan community this island is home and the Nauruans its nation — the smallest in the world.

I

By agreement between Great Britain and Germany, Nauru came into the German sphere of influence in 1886, but it was not actually annexed as part of the Marshall Islands Protectorate until two years later. It was then, like the other Marshall Islands, administered for the German Government by the Jalluit Gesellschaft of Hamburg, with copra as its article of trade. In 1900 Albert Ellis, who was looking after the phosphate interests of the Pacific Islands Company, discovered the phosphate deposits of Ocean Island and Nauru.^h The Pacific Islands Company was largely British owned, but it had its operational headquarters in Sydney, close to its original guano and phosphate mines in the Pacific and off the Queensland coast. As these small deposits ran out the Company turned to copra and island trading, but when Ellis made his discoveries its affairs were shaky. The Company immediately began to export phosphate from Ocean Island, finding that mining, or rather at first gathering, the phosphate did not present many problems. Indentured labourers from China, the Carolines and Gilbert and Ellice Islands provided an ample work force, but loading was very difficult. Small boats had to carry the phosphate over the reef and through the surf, and at first they had to be discharged into a trading ship while it was under way. Even when deep moorings were laid loading remained a bottleneck, particularly in bad weather, for it soon became clear, as the Company's fortunes soared, that its phosphates had hit

the market just as the world use of superphosphate fertilizers began to boom. Loading difficulties made it impossible to meet the eager and growing demand in Australia alone, and the Company decided to extend its operations to Nauru. In 1905 its London Board was able to purchase the Jalluit Gesellschaft's mineral rights to Nauruan phosphate for a new Company, the Pacific Phosphate Company, in return for copra and trading stations in the Marshalls which the Jalluit Gesellschaft had long coveted, for some shares in the new Company, and a royalty on each ton of phosphate exported.

With interest in Pacific phosphate sources growing the Pacific Phosphate Company was just too late to acquire the Makatea deposits in French Polynesia, but it was able to take "a large financial interest"ⁱ in the Compagnie française des phosphates de l'Océanie, formed in 1907 by French businessmen to exploit the Makatea deposits.

When the Pacific Phosphate Company began mining on Nauru it was able to build on its Ocean Island experience. There were some 1,500 Nauruans on the island, but they were not interested in the opportunities offered by the phosphate industry, preferring their traditional life of tending coconuts and other food trees, and fishing. Labourers were brought from the Gilbert and Ellice Islands and from China, and skilled men and managerial staff included Germans to smooth the way. Albert Ellis was later to recollect that "every assistance was rendered by the German district officer, and sufficiently large areas of land, both for settlement purposes and for phosphate working, were immediately available. No direct negotiations with the Nauruans were necessary, as far as the Company's manager was concerned".^j In 1907, 11,630 tons of phosphate were shipped, and in the following six years another 630,656 tons of phosphate were exported, averaging 105,109 tons a year.

On the outbreak of war the British members of the Company's staff were ignominiously sent to Ocean Island, to return shortly, however, after an Australian Expeditionary Force peaceably occupied the island. Mining was quickly resumed so that 566,100 tons of phosphate were shipped from Nauru between 1914 and 1920.^k In London the Company's Board arranged to have German-owned shares confiscated and sold at public auction to British shareholders. At the end of the war Nauru fell to Great Britain as a spoil of war, but as Australia and New Zealand were geographically much closer, and because they had been the principal importers of its phosphate, and at their own insistence, the two Dominions were brought into discussions about Nauru's future.

In May 1919 the Australian Nationalist Cabinet cabled the Prime Minister, W. M. Hughes, at Versailles, that he should insist that Australia be granted the mandate over Nauru for "if cost of war is not to be included in repatriation bill, Australia's hope of getting anything substantial in relief of its crushing war debt is slender. Nauru is the one island whose receipts exceed its expenditure. Its phosphate deposit marks it of considerable value, not only as a commercial proposition, but because the future productivity of our continent absolutely depends on such a fertilizer. Without a sure and reasonably cheap supply of phosphate, our agriculture

⁸ I am grateful to Moira Salter for finding some of the information on which this article is based and greatly contributing towards the clarification of the issues, and to Nancy Viviani who helped to prepare the tables.

^h A. F. Ellis, *Ocean Island and Nauru, Their Story* (Sydney, 1936). The Pacific Islands Company had grown from the London merchant house of John T. Arundel and Company.

ⁱ *Ibid.*, p. 137.

^j *Ibid.*, p. 129.

^k *Ibid.*, pp. 139, 156 and 172 for production figures before 1920.

most languish . . .". Hughes' reply was entirely sympathetic with this view. He reported that the Nauru negotiations were very difficult, that he could not get the mandate for Australia, but that the island was to come under a British partnership, and concluded: "I will not sign the [Peace] Treaty, and will not accept mandate for other islands. Do you agree? Very urgent." W. A. Watt, the Treasurer, on the Cabinet's behalf, thought that this was perhaps going too far. He cabled Hughes: "I thoroughly sympathize with your frame of mind and disappointment . . . but I think it would be improper not to sign Treaty because our reasonable aspirations regarding Nauru have been frustrated. If Australia says she will not accept mandate for islands because Nauru not included, the natural reply will be we are grabbing at valuable asset. I suggest that you put up best fight you can, and, if defeated, sign, relying on subsequent negotiations and representation to compel Britain to accede to our view or make suitable equivalent arrangements of financial kind."¹

Australia had to be content with a partnership with Britain and New Zealand in the phosphate resources of Ocean Island and Nauru. The three countries agreed to purchase the rights, titles and interests in Nauru phosphate from the Pacific Phosphate Company, the duly agreed price for the Ocean Island and Nauru deposits, Makatea interest and other enterprises being £3,531,500.^m The British Phosphate Commissioners (BPC), representing each of the three Governments, were to work Ocean Island and Nauru deposits and to conduct shipping operations, fixing their prices "on a basis which will cover working expenses, cost of management, contribution to Administrative expenses, interest on capital, a sinking fund for the redemption of capital and for other purposes unanimously agreed on by the Commissioners and other charges".ⁿ

The three countries were entitled to the phosphate in the same proportion in which they supplied the original capital for the BPC's operations — 42 per cent each to Great Britain and Australia, and 16 per cent to New Zealand. Any surplus output not required by the three owner countries could be made available to other buyers. The three Governments also agreed that the Administrator of Nauru was to be, in the first instance for five years, an Australian appointee. The arrangement was continued so that since 1919 Nauru has been the responsibility of the Australian Department of Territories. All costs of administration not covered by other revenues were to be met by the BPC from sales of phosphate and these payments immediately became, and have continued to be, Nauru's chief source of revenue. Shortly afterwards a Mandate and Trusteeship Agreement were formally drawn up by the League of Nations. The change-over from the Pacific Phosphate Company to the BPC was quickly and smoothly accomplished with most of the staff, including the chief executive officer, transferring to the Commissioners; Albert Ellis' appointment as the Commissioner representing New Zealand, further ensured continuity of management. Some forty years later a United Nations Visiting Mission to Nauru, headed by Sir Hugh Foot, summed up the agreement made by the three countries as follows:

"It is important to note (a) that the main purpose of the Agreement was to ensure the maximum supply of phosphate at a minimum consumer cost for the countries which had provided the capital; (b) that the Agreement preceded the granting of the Mandate in 1919; and (c) that, although the Agreement envisaged the payment of administration costs in Nauru from the proceeds of the industry, there was no specific provision at the time when the Agreement was made that royalties should be paid to the

people of Nauru; and (d) that no reference was made to the Agreement either in the Mandate or in the Trusteeship Agreement."^o

Although the Agreement did not provide for any payments to the Nauruans, a royalty of $\frac{1}{2}$ d. a ton of phosphate exported was paid to Nauruan owners of phosphate lands who, however, claimed that this was insufficient compensation for the loss of their land. From 1 July 1921 the royalty payment to the owners of the land was raised to 2d. per ton. An additional 1d. per ton royalty was paid to the Administration "to be held in trust for benefit of Nauruans generally". The BPC also paid a lump sum of £20 per acre for lands taken up for phosphate mining for leases extending to 31 March 2000, an annual rental of 25s. per acre on non-phosphate bearing lands, and there was some compensation for fruit trees taken over under such arrangements. Although the Administrator reported that the decision to increase royalties "has given great satisfaction to the Nauruans, who are keenly appreciative of the generous treatment they have received",^p the Nauruans almost immediately again began to argue that they were not receiving a fair return from phosphate, and as a result a new, more favourable agreement was reached in 1927. The lump sum for phosphate bearing land leases was increased to £40, and annual leases for non-phosphate bearing land were raised to £3 an acre. The total royalty payable to Nauruans was increased to $7\frac{1}{2}$ d. a ton of phosphate exported: it consisted of 4d. a ton paid directly to landowners, 2d. a ton to be paid into a Nauruan Landowners' Royalty Trust Fund to be held for a landowner and his heirs and reinvested with interest for twenty years, and $1\frac{1}{2}$ d. a ton for the Nauru Royalty Trust Fund.

In the meantime the scale of mining increased and operations became more mechanized to meet the rising demand for phosphate. The completion of a cantilever conveyor belt loader which made mechanical loading into ships moored well off the reef possible in 1930 came just before the depression temporarily cut down the demand for phosphate, but by 1932 new demand and production levels were being reached (Table I). The BPC had cut phosphate prices in Australia on 1 July 1922 from 75s. to 80s. a ton to 49s. 3d. a ton in the Eastern States and 52s. 3d. in Western Australia, and with increasing output and improvements in mining and shipping techniques, prices continued to fall until by the mid-1930s they were 30 per cent below First World War prices, but Ocean Island and Nauru could not meet the Australian and New Zealand manufacturers' needs until 1935. Between 1926 and 1934 the BPC bought about 1 million tons of "somewhat lower grade phosphate from other sources of supply" such purchases being "unavoidably at higher prices".^q

In 1940 Nauru was attacked by a German raider which sank five phosphate ships, shelled the boat harbour and phosphate installations and was only prevented from occupying the island by bad weather. The European women and children were evacuated early in 1941, and by the end of that year the Japanese were making bombing runs on the island. In February 1942 the majority of Europeans and Chinese were evacuated and loading and other installations were put out of action. In August Japanese troops occupied the island. A Japanese company tried to ship phosphate to Japan but it is doubtful whether it succeeded in shipping even one load. The island was used as an air base, its heavy fortifications attracting the attention of American bombers. Between June and August 1942, 1,200 Nauruans were sent to Truk Atoll in the Carolines to make room for the Japanese garrison. The Japanese surrendered in September 1945, and after a brief period of military government the island was restored to an Australian civil Administration on 1 November 1945.

¹ Commonwealth of Australia, *Parliamentary Debates*, vol. 94, cables quoted pp. 5797-5800.

^m Ellis, *op. cit.*, p. 179.

ⁿ *Ibid.*, p. 304. (The full text of the Agreement is to be found on pp. 302-305.)

^o *Official Records of the Trusteeship Council, Twenty-ninth Session, Supplement No. 2 (T/1603)*, documents T/1595 and Add.1, para. 102.

^p *Report on the Administration of Nauru, 17 December 1920 to 31 December 1921*, p. 5.

^q Ellis, *op. cit.*, p. 197.

The BPC, represented by Sir Albert Ellis at the surrender, found the island devastated with buildings and installations in ruins, for enemy occupation and Allied bombing had wrecked what had not deliberately been destroyed. In January 1946, 737 Nauruans returned from Truk — 463 had died there. The total number of Nauruans had fallen from 1,848 at the time of Japanese occupation to 1,369 in June 1946. Chinese labourers and Gilbert and Ellice islanders were brought to Nauru as soon as the BPC was able to organize a recruiting voyage; reconstruction began immediately so that already in 1946-1947 some 96,000 tons of phosphate were exported (Table I).

In November 1947, when the General Assembly of the United Nations approved the terms of a Trusteeship Agreement drawn up by the United Kingdom, Australia and New Zealand, Nauru became a United Nations Trust Territory with new perspectives of racial equality, economic, social and cultural advancement, and with prospects of self-government. The BPC now for the first time drew up an agreement with Nauruan landowners giving the Commissioners the right to lease any phosphate-bearing land and to mine phosphate on it until the agreement's expiry in July 1967. Lump-sum payments to landowners for the lease of phosphate land became £120 per acre of land above the thirty-foot contour and £60 per acre below this contour, with additional compensation for fruit trees. Royalties to Nauruans were raised to 1s. 1d. : 6d. to be paid directly to landowners, 3d. to the Nauru Royalty Trust Fund, 2d. to the Nauruan Landowners' Royalty Trust Fund, and 2d. to a new fund, the Nauruan Community Long Term Investment Fund which was to accumulate funds for the future when the phosphate deposits would be exhausted.

The Commissioners at first planned to export some 800,000 tons a year but then, by constructing a second cantilever loader, the island's capacity was raised to 1,600,000 tons a year. This meant a rise in the number of indentured labourers from Hong Kong and the Gilbert and Ellice Islands (Table II) but Nauruans were now also being employed by the BPC, mainly as tradesmen and clerks. The Commissioners' contribution to Administration costs rose substantially with higher living standards and better housing and public services which post-war conditions demanded. A pre-war capitation tax which had fallen mainly on Nauruans because the BPC paid it on behalf of its employees and Administration employees were not subject to it, was abolished, and most goods except cigarettes and tobacco and alcoholic beverages continued to be admitted free, so that the BPC's contributions to Administration finance still formed the greater part of the island's total revenues. They remained, however, with rising output, a fairly constant proportion of the value of phosphate exported (Table III). The Commissioners also advanced £200,000 to the Administration to 30 June 1950 for the island's rehabilitation, setting aside a special royalty to cover interest charges and repay the capital sum.

Material prosperity for the Nauruans came when they acquired skills which they could use in the service of the BPC, the Administration, the Local Government Council or the small Nauru Co-operative Society which competes with the BPC's store and with Chinese traders for the island's limited retail business. Most Nauruans have become wage or salary earners, and a considerable proportion receive earnings with some margin above the basic wage, which is now about £9 10s. 0d.⁸ Rents are low, only 10s. a week, but

⁷ A. F. Ellis, *Mid-Pacific Outposts* (Auckland, 1946).

⁸ Until an inquiry into the basic wage in 1962 at which the Nauruans were for the first time represented by a trades union advocate, the Nauruan basic wage was determined on the basis of the cost of living of a family unit of a man and his wife, and a regimen of items was used to calculate the wage. It was supplemented by allowances for dependants, and adjusted at half-yearly intervals according to variations in the cost structure of the regimen. In 1962, a new basic wage was established, appropriate for a family of four and taking into account not only needs but also the capacity of the economy to pay and the need for social advancement. This determination in June 1962 increased the wage of an adult male Nauruan worker from £6 4s. 7d. a week to £9 6s. 6d. a week, and it has since been adjusted annually according to fluctuations in the retail price index.

housing is still far from adequate. Water shortages are a problem, and electricity is only now being connected to Nauruan houses. Because most goods are free from duty or, in the case of alcoholic beverages and cigarettes and tobacco, carry only small duties, prices of most goods are lower than in Australia. Foodstuffs, almost all imported, are the important exception, selling at prices comparable to those in Australian capital cities, and they, of course, form a considerable proportion of Nauruan budgets. In 1962 the working week for Nauruans was reduced from forty-four hours to the forty hours worked by Europeans. Compulsory education has been extended from the age of sixteen to seventeen, leading to the Victorian Intermediate Certificate level, and scholarships are available for education in Australian secondary and tertiary institutions.

In 1951 the Nauru Local Government Council, elected by universal adult suffrage, replaced the traditional hereditary Council of Chiefs. It gradually extended its activities to various types of local government functions, including home building, and it speaks on behalf of the Nauruan community on broader issues. When the Social Service Ordinance of 1956 introduced child endowment and age, invalid and widow's pensions for Nauruans, the Local Government Council took over its implementation and provided the first £3,000 of the total annual cost, with the Administration adding up to another £7,000, and the Council then providing any amount over £10,000. In 1962-1963 social service payments amounted to £53,229.⁹

In many, very important ways, development is, however, still lagging. The Foot Mission noted that all principal executive Administration and BPC posts were still held by Australians, and this is still largely true today. Integration of schools is only now proceeding. Dissatisfaction with royalties has led to gradual increases until in 1961 they reached a total of 3s. 8d. a ton (Table IV) but Nauruan leaders felt that this was still considerably below a fair share of phosphate proceeds. Self-government appeared to be no closer, for problems of the island's economic future with which it was intertwined, at least in the eyes of the Australian Government, began to overshadow all others.

When the phosphate is removed quarries studded with coral pinnacles remain, to be covered in time with stunted secondary growth. For Ocean Island which had a greater proportion of its area covered by phosphate deposits than Nauru, and where droughts had made life precarious before phosphate mining was begun, the problem of phosphate exhaustion was solved for the Banabans (Ocean Islanders) immediately after the war. The relatively large and fertile island of Rumbu in the Fiji group, which was already planted with coconuts, was purchased with accumulated royalties. The Banabans, who had also been evacuated by the Japanese during the war, were settled there in 1946 instead of being repatriated to their old home. The Australian Government did not show such foresight. By the 1950s the problems of the future were becoming pressing, but solutions were still mainly confined to talk. Finally in the middle of 1961, with some 30 million tons of phosphate mined from Nauru, and a prospect of only another forty years of mining life, Great Britain, New Zealand and Australia offered to resettle the Nauruans with full citizenship in any of the three countries, which were also to bear the full cost of resettlement out of general revenues. For the Australian Government this proposal apparently removed the necessity of making Nauru self-governing, but the Nauru Local Government Council, only now realizing that the very existence of Nauru as a nation was in question, was far from agreement with the proposed solution.

It was not surprising that early in 1962, in spite of the evidence of material prosperity, the Foot Mission thought Nauru: "a false paradise. For these gentle people are dominated by the knowledge

⁹ See *Commonwealth of Australia, Report to the General Assembly of the United Nations on the Administration of the Territory of Nauru from 1st July, 1962, to 30th June, 1963* (Canberra, A. J. Arthur, Commonwealth Government Printer), p. 31. Transmitted to members of the Trusteeship Council by a note of the Secretary-General (T/1619).

that the present happy state of affairs cannot continue. They know that the outlook for their people beyond the present generation is uncertain and alarming".^u It also found Nauruan leaders singularly ill-prepared to solve their problems.

"While the uncertainties of the future grow nearer", the Mission concluded, "two factors have tended to isolate and insulate the people from reality and responsibility. The first has been the protective and authoritarian attitude of the Administration. The second has been the knowledge that the British Phosphate Commissioners have always been able to provide revenue to meet all current needs.

"There are three estates in Nauru. The British Phosphate Company lives and operates in a world of its own. The Administration is aloof and strangely separate from the Local Government Council. Relations amongst these three authorities are usually fairly cordial, but they meet as different and distinct bodies each with its own separate interests and its own separate obligations and aims. The result is that the conscientious leaders of the Nauruan people, with no participation in the exploitation of the one physical asset in the island, and with their duties limited to comparatively minor communal questions, have not been given the experience of responsibility to prepare them for the pressing challenge and the hard decisions of the future."^v

II

The world's largest deposits of phosphate occur in the United States of America and the Union of Soviet Socialist Republics but with the exception of Australia and New Zealand, whose soils are also particularly deficient in phosphates, phosphate deposits are widely distributed throughout the world.^w Known reserves of phosphate rock total about 50,000 million metric tons, but the world's possible reserves are very much higher and new discoveries are constantly being made. North Africa and the United States are at present the world's chief suppliers, with 37 per cent of the world's known deposits in Morocco and 33 per cent in the United States. Since phosphate is a low-value, bulky product, a coastal location is an advantage, and this, together with its high quality and favourable mining conditions, gives Nauru's remaining 65 million tons of phosphate a considerable comparative advantage, particularly in exports to Australia and New Zealand, but also to Japan and other countries of South-East Asia, where the freight haul is relatively short.

In the past there has not been a free world market for phosphate. Several of the principal exporters have been colonial countries in which large imperial private or public corporations, with their own shipping organizations, have worked on long contracts for their home consumers. The British Phosphate Commissioners are far from being atypical, and phosphate prices have, in the past, to some extent, been monopsony prices, if for political rather than economic reasons.

During the 1950s the phosphate market had, however, been changing. World phosphate consumption nearly doubled in the 1950s, growing from 5.9 million tons of P₂O₅ in 1949-1950 to 10.1 million tons of P₂O₅ in 1961-1962,^x and new countries became important consumers, while most of those supplying countries which were formerly colonies gained political independence. Markets have become much less restricted with considerable movement across former imperial boundaries, and after an initial post-war period of high prices which reflected the pressure of demand,

^u Official Records of the Trusteeship Council, Twenty-ninth Session, Supplement No. 2 (T/1603), documents T/1595 and Add.1, para. 47.
^v *Ibid.*, paras. 49-50.

^w Food and Agriculture Organization of the United Nations, *The State of Food and Agriculture, 1963*, p. 169. The original source of phosphatic fertilizer, bones, is now of negligible proportion in total supplies and phosphatic slags, used in Europe, are also declining in relative importance.

^x *Ibid.*, pp. 220-221.

during the 1950s prices tended to fall as the market became more competitive, a greater volume of production led to economies of scale, and major technical improvements in phosphate exploration,^y mining and shipping tended to offset the general rise in the world's price levels. By the mid-fifties such gains appeared to be exhausted. There was more pressure for higher wages and better working conditions, particularly in the under-developed countries, and with a booming demand phosphate prices began to rise again, although consuming countries now began to benefit from increased competition among suppliers so that prices did not always fully reflect rises in costs.

The *f.o.b.* prices of Nauruan phosphate followed this general trend—at a third to a half of open market *f.o.b.* prices. (See Table I and also Table V, which compares *f.o.b.* prices of phosphate in Nauru, French Polynesia and the United States. United States prices represent a lower average grade of phosphate than Nauruan prices.) *C.i.f.* prices of phosphate imports into the United Kingdom and Japan (Table VI) corroborate the general picture and suggest that something like a world price is now coming into existence. It is notable that with a much longer haul than from North Africa, and even without a large volume of shipping, the cost of Nauruan phosphate was generally lower than average phosphate *c.i.f.* values in the United Kingdom. The high quality of Pacific Islands phosphate was reflected in the relatively high prices at which French Polynesian phosphate sold in Japan.^z

A comparison with other phosphate exporters also suggests that although in the main Nauruan phosphate prices have followed the world trend, Nauru's comparative advantage has gradually been eroded (Table VII). Advances in washing, flotation and concentration techniques leading to the production of marketable concentrates from phosphate deposits containing only 5 to 10 per cent P₂O₅,^{aa} have partly been responsible for a decline in "natural" advantage; trends in economic efficiency are impossible to estimate in the complete absence of information about Nauruan mining and shipping costs.

Although the BPC is a public corporation, with responsibility to the three owner countries, its published reports do not meet the normal standards of public corporation accounting in any of them. Revenue and expenditure items are lumped together in two large totals, and each year's description of operations is not so much brief as terse. Yet in addition to operating the Ocean Island and Nauru deposits, the BPC has since 1949 acted as Managing Agent for the Christmas Island Phosphate Commission which is jointly owned by the Governments of Australia and New Zealand, and it still participates in the exploitation of the Makatea deposits, where, with sales at world market prices, it no doubt earns handsome profits. The BPC purchases phosphates from other sources for Australia and New Zealand when its own supplies are insufficient, and buys brimstone for the Australian superphosphate industry. It conducts retail stores on the three islands under its control which in each case handle the bulk of business, and which, on Nauru at least, in the face of Nauruan demands for a greater share in retail trade, it refuses to relinquish. It conducts extensive shipping operations in its own and chartered vessels.

^y V. E. McKelvey, "Successful New Techniques in Prospecting for Phosphate Deposits", *Natural Resources, Minerals and Mining, Mapping and Geodetic Control*, Vol. II, Science, Technology, and Development, United States Papers prepared for the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, pp. 163 ff.

^z Average value of phosphate imports into Japan, 1960-1962 (£A per metric ton):

Country of origin	1960	1961	1962
United States	6.66	7.27	7.36
Morocco	7.84	13.31	8.54
French Oceania	9.13	9.31	9.61
Senegal	8.89	8.94	7.79
Egypt	7.59	6.72	4.60
TOTAL	7.04	7.60	7.73

Source: *Foreign Trade of Japan, 1963*, p. 141.

^{aa} McKelvey, *op. cit.*, p. 163.

Because Australia, New Zealand, and Great Britain all regard themselves as free-enterprise economies, there is a presumption that any commercial enterprise in which they participate will pay the owners of the "land" — natural resources — a special return of rent, or in the case of mineral resources, quasi-rent, which is generally called a royalty.^{bb} Although the BPC has taken the view that the Nauruan people have no legal rights to royalties either as individuals or as a national group, that royalties are paid merely out of goodwill, and that they should be related principally not to costs and prices but to the Nauruans' needs, they have in practice acknowledged the principle of paying economic rent by paying some royalties to Nauruans from the beginning of their operations. It is not surprising that the Nauruans consider that they are entitled to royalties as the original owners of the phosphate lands. They claim that the ownership of the phosphate lands was forcibly taken from them when their island was annexed by the German Empire and then passed from one imperial power to the next without their consent. The legal position is yet to be determined, but the signing of the 1947 agreement between Nauruan landowners and the BPC at last appeared to establish the Nauruans' moral right to ownership of the phosphate resources and hence their economic right to royalties.

Rent or quasi-rent is the difference between the cost of production, including a "normal" return to all other production factors, and the market price. The BPC's rates of remuneration for all sections of its work force appear to be "normal" market payments for the Pacific area, so that the factor "labour" is receiving a "normal" return. For raw materials and plant, the BPC pays commercial prices but it does not pay import duties, and import duties, like other taxes, are a "normal" cost of production. In Nauru the confusion of taxes with royalties has created a very Serbonian bog which almost defies analysis. Although the BPC does not pay taxes directly to any of the three owning countries, contributions to island administration costs, related neither to the costs of production nor to the respective island's economic needs so much as to the amount of political pressure the administering country seeks to exert, are in effect a production or export tax from which the administering countries as well as the island inhabitants benefit. There is no doubt that if the BPC did not meet the costs of administration on the islands the administering countries would have had to make some contribution out of their own revenues — at least since 1945. The BPC's contribution to the administration of Nauru, therefore, cannot be regarded simply as a part of the return to the Nauruans, nor does the benefit accrue entirely to the Nauruans. To some extent administration costs are incurred on behalf of the BPC's non-Nauruan employees, and since only half of the population is Nauruan, it is not unrealistic to assume that something like a half of the Administration's expenditure, which, however, forms more than two-thirds of the total payments made by the BPC on Nauru phosphate (Table III), is not spent on Nauruans. A high proportion of royalties paid to Nauruans is paid to communal funds and to some extent also could be said to represent a tax; taxation as a cost of production and royalties as an economic rent are therefore impossible to separate in current practice.^{cc}

^{bb} The ownership of mineral resources in most advanced countries is vested in the nation as a whole, and royalties on their exploitation are due to the government. Where the ensuing mineral operations contribute to the development of the national economy the government is generally content with small royalties, but where mining makes little or no contribution to national economic development, as for example in the Middle Eastern or Indian American oil wells, royalties tend to be very high, in the region of 40 to 50 per cent of the production price. The distribution of royalties between individual resource owners and the community is a matter for a country's government.

^{cc} On the assumption that it is more convenient to collect tax on Nauru directly as a production charge on the BPC than less directly through income and other taxes from the company and from individuals, a "normal" tax level could be calculated by, say, averaging New Zealand, British and Australian taxation revenues as a proportion of their respective national incomes and applying the same ratio to

The notion that the BPC is a "non-profit making organization" also requires some clarification. It has paid interest at 6 per cent on the original capital subscribed by the three Governments in 1919 and provided a sinking fund to repay the original investment within fifty years, as well as accumulating sufficient funds to finance all extension and post-war reconstruction. Such payments have been well above "bank interest" on capital, presuming some return to "enterprise"; many profit-making firms would not be ashamed of the BPC's financial record.

If the BPC owning countries were to claim that, taking into account BPC's taxation contributions and all other costs, the profit on phosphate mining was below "normal" levels, so that they were entitled to a higher return to "enterprise" than the BPC's current receipts contain, they could exact this extra return either in the form of profits, or in lower prices from which their countries would benefit. Such profits would need to be added to prices now charged to enable the amounts due as economic rent to be calculated by subtracting total cost from the price which Nauruan phosphate would reach if freely offered to phosphate-purchasing countries.^{dd}

Average *f.o.b.* values ex Nauru, the only indication of cost or price available, appear to be broadly averaged figures for Ocean Island, Nauru and Christmas Island operations which do not owe much either to full cost or marginal pricing. The BPC Australian *f.o.b.* import values minus the 10 per cent added by the Commonwealth Statistician for freight and insurance which in this case only amount to about 10 per cent of actual freight and insurance (Table IX), do not match up with Nauru export values (Table I), indicating some hiatus in value measurements, and while imports from Christmas Island and Nauru into Australia show approximately the same values, imports from Ocean Island show higher values. Difference in the nature of the phosphate deposits on the three islands could be supposed to lead to differences in mining cost, and the variation in the scale of production — some 300,000 tons *per annum* on Ocean Island, 800,000 tons on Christmas Island and 1,600,000 tons on Nauru — almost certainly indicates differences in unit costs beyond those represented by the available figures. While ironing out differentials among various production units is perfectly appropriate for a private firm, and even for a non-profit-making corporation operating in one country, for the BPC whose activities affect several national economies, such procedure seems extremely dubious. Comparison between BPC payments on Nauru and Ocean Island in addition suggests a major difference in production cost due to this factor alone.

In the mid-1950s BPC was paying almost 30 per cent of the *f.o.b.* average value on Ocean Island production to the British Colonial Administration of the Gilbert and Ellice Islands, and this was the chief source of revenue for that colony. Royalties to Ocean Island landowners were paid in addition. In 1957 a new agreement raised the contribution to administrative costs to 14s. per ton, which represented about 40 per cent of the *f.o.b.* phosphate values, and this level has since been maintained.^{ee} From 1960 to 1962 payments to the Administration were fixed at 21s. per ton, and they are now 23s. per ton. Additional royalty payments of 2s. 8d. per ton to Banaban landowners exceed royalty payments to Nauruan land-

Nauru's national income. Alternatively "normal" taxation as a charge on the BPC's profit on its Nauruan operations could be calculated. Neither Nauru's national income nor the BPC's profit are, however, available. The rest of BPC's payments could then be properly regarded as royalties.

^{dd} Japanese and other south-east Asian superphosphate manufacturers have shown interest in obtaining supplies from Nauru in the past, and could no doubt be asked to make firm offers; current prices and freight rates can be obtained from other phosphate-producing countries.

^{ee} United Kingdom, *Colonial Reports, Gilbert and Ellice Islands Colony, passim*. In recent years phosphate export values have not been published in the Colonial Reports on Gilbert and Ellice Islands on which mid-1950's calculations are based, and current percentages are therefore based on Australian Commonwealth Bureau of Census and Statistics *f.o.b.* import values minus 10 per cent for freight and insurance.

owners. On Nauru BPC payments have in the same period generally been between 18 and 20 per cent of the *f.o.b.* value of phosphate exports, with an exceptionally high 24 per cent in 1960-1961, (Table III), the year on which the Foot Mission based its conclusions.

The BPC has maintained complete silence on operational costs and prices. It has refused to reveal them to United Nations representatives, and refused to discuss them with Nauruan leaders in royalty and other negotiations. Such discussions were finally organized in November 1963 on an annual basis as a result of United Nations recommendations, but they broke down almost immediately. The BPC's refusal to permit the Nauruans to negotiate with an economic adviser was a major issue of dispute. In the face of these refusals and pending a full investigation of operational costs, the Nauruan leaders in July 1964 based their case for an immediate increase in royalties to 14s. 6d. a ton on a comparison with Ocean Island figures. They were prepared to accept the Australian Government's contention that administration costs on Nauru were 11s. per ton although this was based on 1963-1964 figures which included exceptionally high, non-recurring, capital expenditure, and they were also prepared, for the moment, to ignore the fact that at a much higher level of annual output unit costs on Nauru should be considerably lower than on Ocean Island. The Australian Government, which claimed to be mediating between the BPC and the Nauruans on the royalty issue, nevertheless refused to raise the royalty offer above the 7s. previously proposed by the BPC. The only grounds given for the refusal, that the British Colonial Administration's needs in the Gilbert and Ellice Islands were greater than Nauru's, were no refutation of the Nauruan argument that this was a sum the BPC could afford to pay without substantial price rises: they merely emphasized the extent to which BPC payments are influenced by Administering Authorities and hence by political issues.

It also appears that Nauruans have not received as great a return or consideration for their problems as phosphate landowners in United States Trust Territories. The Japanese Phosphate Mining Company which, until 1954, worked phosphate deposits on Angaur, in the Carolines — American Trust Territory — paid a severance fee of \$US 2.00 a ton, or about 18As., to the Angaur Mining Trust Fund in addition to rents to landowners. To the Government of the Trust Territory it also paid a 15 per cent processing tax based on Florida phosphate prices. The policy of the Government of the Trust Territory was: "to protect Micronesians from loss of their resources by indiscriminate exploitation. In the current phosphate-mining agreement there are provisions for the protection of water resources of the island through controlled mining and backfilling and protection of land for future use".¹¹ In 1955 the Trust Territory Government refused a request for mining rights by another company at Fais Island on the recommendation of the Fais people, "who have suffered removal of much phosphate-rich topsoil through past mining operations".¹²

The determination and payment of an economic rent is particularly important in view of the exhaustion of phosphate deposits. The difference between *f.o.b.* export values from Nauru and Makatea and the United States (Table VII) gives some indication of the order of magnitude which such rent might assume, and had the Nauruans received and invested such sums, amounting to between £2 to £5 million a year in recent years, problems of resettlement and rehabilitation would now not loom so large. Nauruan leaders are convinced by the BPC's past attitudes that ultimately only their complete

ownership of phosphate mining will provide a satisfactory settlement.¹³ They could even now purchase a share in the BPC with the Long Term Investment Fund which at 30 June 1963 stood at £731,139,¹⁴ and if the BPC were to act as Managing Agent then the phosphate-importing countries would still benefit from those qualities of efficiency in which the "good old BPC" takes so much pride.

When resettlement proposals began to be considered seriously in 1962, it was soon clear that for climatic reasons only the Australian offer of resettling the Nauruans was practicable, and since Australia, taking about two-thirds of Nauruan phosphate, had benefited most from the island's resources, it did not seem unreasonable that she should bear most of the cost. Australia's offer was resettlement near a large town which would provide educational and other facilities, at a cost which was initially estimated at £4 million but which it is now thought would be closer to £10 million. Several off-shore islands along the Queensland coast were investigated. The Nauruan leaders favoured Fraser Island near Maryborough, but this was rejected without appropriate explanation, and Curtis Island, near Gladstone, separated only by a spit of sand from the mainland at low tide, was finally offered to the Nauruans and accepted for prospective settlement.

Major difficulties became apparent when resettlement negotiations began. There had been no investigation of the economic potential of Curtis Island, and the prospects of securing a prosperous economic life for a community of 2,500, which, with half of its population under the age of 15 years, was rapidly increasing in number, and whose skills were largely adapted to phosphate mining and administration requirements did not seem to be very bright. The Nauruans held their national independence to be the main premise in any resettlement, basing themselves on the United Nations Trusteeship Council view that in resettlement due regard should be paid to their desire to retain their national identity,¹⁵ and their experience in Australia did nothing to convince them that they could be satisfactorily resettled without such safeguards. They were prepared to concede to Australia power over defence and international relations but otherwise envisaged a separate national state. They considered that a fishing industry, some agri-

¹¹ Whether, in addition to the annual conference between the BPC and Nauruan leaders, "there might be some form of Nauruan representation in those activities of the Company which affected Nauruan interests" was "closely discussed" by the Foot Mission and the Australian Minister for Territories in 1962. Taking into account the BPC's manifold activities, the Mission doubted "if there is, at present at least, a need for direct representation of the Nauruans on the Board of the Company, but since the phosphate deposit is the sole natural asset of the island and since the whole future of the Nauruan people depends upon it, we are convinced that the Nauruans should be given a say and a share in the decisions to be taken on matters so essential to their livelihood and the future of their community". The Mission hoped that the annual conference would "lead to closer co-operation between the Company and the people and consequently to conclusions which benefit them both". It trusted that the Company would "enter into these annual conferences with a determination to meet all reasonable representations made by the Nauruans. That would create a spirit of real partnership and confidence. It might well make it unnecessary to give further consideration to the proposal for direct Nauruan participation on the Board of the Company. But if this method of consultation and co-operation proves inadequate we believe that the governments concerned should proceed to take the further step by which one or two Nauruans should be selected to participate in the deliberations of the Board of the Company in all matters affecting Nauruan interests". *Official Records of the Trusteeship Council, Twenty-ninth Session, Supplement No. 2 (T/1603)*, documents T/1595 and Add.1, paras. 93-95.

¹² See *Commonwealth of Australia, Report to the General Assembly of the United Nations on the Administration of the Territory of Nauru from 1st July, 1962, to 30th June, 1963* (Canberra, A. J. Arthur, Commonwealth Government Printer), p. 70. Transmitted to members of the Trusteeship Council by a note of the Secretary-General (T/1619).

¹³ *Official Records of the Trusteeship Council, Twenty-ninth Session, Annexes*, agenda item 3, document T/L.1051, p. 14: "The Council trusts that in the search for a solution to the problem of resettling the Nauruan people, and in working out detailed proposals, the Administering Authority will fully respect the desire of the Nauruan people to retain its national identity."

¹⁴ United States of America, *Seventh Annual Report on the Administration of the Trust Territory of the Pacific Islands, July 1, 1953, to June 30, 1954* (U.S. Government Printing Office, Washington, D.C., 1955), p. 60. Transmitted to members of the Trusteeship Council by a note of the Secretary-General (T/1173).

¹⁵ *Ibid.*, *Eighth Annual Report on the Administration of the Trust Territory of the Pacific Islands, July 1, 1954, to June 30, 1955* (U.S. Government Printing Office, Washington, D.C., 1956), p. 65. Transmitted to members of the Trusteeship Council by a note of the Secretary-General (T/1244).

culture and a free port with tourism would ensure them a livelihood. However naïve such proposals may have been they were more realistic than any Australia submitted. The Australian Government had made no attempt to make an assessment of the economic potential of Curtis Island; it did, however, suggest that the Nauruans could buy a share in a rutile sands mining company which had mining rights on Curtis Island. These it would be inconvenient to revoke but the company was bound to rehabilitate any lands it mined!

There was no basis for a compromise. The Australian Government, strongly backed by the Queensland State Government, could not cede any of its off-shore islands to a people with a separate nationality, and possibilities such as dual nationality within the federal framework were not even explored. The Nauruans therefore turned back to the rehabilitation of their island.

Proposals for bringing mined lands back into production by back-loading soil on phosphate ships which travel to Nauru in ballast have been made from time to time, and since it was agreed that some Nauruans would always wish to remain on the island permanently, some rehabilitation was envisaged by the Nauruans. But large-scale rehabilitation was regarded as prohibitively costly, an opinion which was endorsed after a brief C.S.I.R.O. inquiry which also concluded that it was not clear whether rehabilitation was technically feasible, that is, whether the porous coral rock would hold soil permanently. Such conclusions were, however, reached in terms of current cost and techniques, whereas if the rate of phosphate rock extraction was reduced rehabilitation could be made a long-range project. The Nauruans are prepared to spend a high proportion of their resources to preserve their political identity, and with time, as the real cost of capital equipment falls and new techniques become available, the real cost of rehabilitation will fall. The use of empty phosphate boats to carry soil over a long period could be investigated more closely, and although promises of cheap distillation of fresh water from salt, and power from winds or seas have not yet been fulfilled, it is conceivable that another seventy or eighty years will see the solution to these and similar problems. Opportunities for a modern fishing and fish-oil industry, now developing in other parts of the Pacific, and in the island carrying trade, have been neglected on Nauru because of the superior returns from phosphate extraction, and there may be possibilities of other economic activities. It is true that remaining on Nauru would raise social and political issues which have scarcely been considered,^{kk} but the first step towards a rational decision would be a full economic and technical inquiry into the real costs and possibilities of rehabilitating mined lands and developing other industries on which future plans could be based.

Another alternative, the purchase of an island, or islands, not necessarily uninhabited, closer to Nauru, and in a politically more favourable environment, has also not been investigated with the thoroughness which the Nauruans' plight merits. A combination of rehabilitation and the purchase of islands together with the development of maritime enterprises may yet prove the best answer.

Although the problems posed by Nauru's predicament are, in absolute terms and in comparison to other nations, small, it is Nauru's, and Australia's misfortune, that the interests of the two national economies are quite opposed. Improving Australian farming methods calls for a higher use of superphosphate, particularly in pasture development, and Nauru which has in the past provided about two-thirds of the phosphate used in Australia is, together with Ocean and Christmas Islands, the best, nearest, now cheapest and, for some years at least, the largest source of supply. During

^{kk} C. A. Hughes, in "The Future of Britain's Smaller Colonies", *Australian Quarterly* (Vol. XXX, No. 3), 1958, pp. 97-105, and C. O'Loughlin, in "Economic Problems of the Smaller West Indies Islands", *Social and Economic Studies* (Vol. 11, No. 1), 1962, p. 44, and in *A Survey of Economic Potential, Fiscal Structure and Capital Requirements of the British Virgin Islands*, Supplement to Vol. 11, *Social and Economic Studies*, discuss some aspects of government and economic development in very small "States".

the last war Australia had great difficulty in obtaining phosphates, working out the minor deposits on the mainland and off the West Australian coast, and no known deposits now remain. Australian farmers have been slow to use superphosphates in comparison to other countries, notably New Zealand,^{ll} and yet since August 1963, when the granting of a Commonwealth Government subsidy of £3 per ton coincided with good returns to farmers, demand for phosphate has exceeded the supply available from Christmas Island, Ocean Island and Nauru. The BPC has been forced to purchase additional supplies at higher *f.o.b.* prices from a variety of sources and it therefore wishes to increase the rate of extraction in Nauru to 2.5 million tons a year. This would reduce the life of the island from some thirty-eight to twenty-five years.

It is not at all clear that without a settlement of the royalty question, without appropriate provisions for the Nauruans' future, and without Nauruan participation in the future conduct of the industry, the BPC's proposals are in the Nauruans' best interest. On the contrary, although Nauru's comparative advantage in phosphate mining may continue to decline, there is every prospect of a continued increase in the demand for phosphate, not only in Australia but throughout the world, as advanced agricultural methods spread from country to country.^{mmm} The output of superphosphate in Australia rose from 2.6 million tons in 1961-1962 to 2.9 million tons in 1962-1963 and 3.3 million tons in 1963-1964, and a rise in demand to 20 million tons per year within fifteen to twenty years is not unlikely. There is every indication that phosphate prices will increase with increased demand, and at present there does not seem to be any danger of competition from synthetic phosphates made as by-products of the oil refining or coal chemical industries. The Gilbert and Ellice Colonial Government, apparently taking this view, has restricted Ocean Island's annual output to 310,000 tons to ensure a longer revenue-giving life for the deposit. Since 800,000 tons a year seems to be an economically viable minimum scale of production — it is the target at which Christmas Island output is aimed — cutting back production to this level on Nauru and thus prolonging the island's life to some eighty years is worthy of consideration on economic grounds alone.

The Australian Government is understandably interested in keeping down the prices and increasing the source of supply of phosphate, but it should now be paying attention to increasing supplies from alternative sources, and to the production, distribution and use of phosphate fertilizers, rather than relying on Nauru phosphate to solve Australian farmers' cost problems.

Australian superphosphate prices have been relatively low in comparison, for example, with European and Japanese prices, but they are somewhat higher than New Zealand prices and considerably above American superphosphate prices.ⁿⁿ The cheapness of super-

^{ll} In 1960-1961 Australia used 19.23 metric tons of P_2O_5 per 1,000 hectares of arable land and cultivated grassland, while in New Zealand 349.19 metric tons of P_2O_5 per 1,000 hectares was used on agricultural holdings exceeding ten acres and situated outside boroughs. Even with allowances for variations in soils and other conditions, this is a considerable difference, and does not take into account "uncultivated" grassland, which is more common in Australia than New Zealand. *The State of Food and Agriculture, 1963*, p. 227.

^{mmm} In 1960-1961 the average consumption of P_2O_5 per 1,000 hectares of arable land was 33.94 tons in Western Europe, 5.91 tons in Eastern Europe, 11.37 tons in North America, 2.62 tons in Latin America, 1.15 tons in the Near East, 2.70 tons in the Far East (excluding mainland China and North Korea) and 0.97 tons in Africa. In the Netherlands 107.89 tons was used. (All figures in metric tons.) *Ibid.*, pp. 226-227.

ⁿⁿ *Price of superphosphate per ton, 1962*

	£A	s.	d.
New South Wales, Australia [at point of delivery (on rail at works)]	12	9	0
Denmark	15	12	4
Ireland (ex works)	15	19	1
Finland (ex works and/or delivery point)	12	10	0
France (ex coastal works)	13	8	6
Germany	16	13	7
Israel (ex works)	12	10	0
Japan (ex nearest rail point)	18	1	2
New Zealand	11	9	11
Sweden (ex works)	14	18	10

phosphate in Australia is at least partly, and probably to a great extent, due to the cheapness of phosphate, although freights and insurance add about 100 per cent to the *f.o.b.* price, and there are further transport costs in shipment to factory sites (Table IX). Several of Australia's small group of superphosphate producers are closely linked financially, and the Superphosphate Industry Committee, although it allows individual latitude in production and pricing, cosily co-ordinates purchasing and other policies. All firms are supplied by the BPC with phosphate and brimstone at a uniform price to offset the disadvantages of the outlying States, but firms' performances vary considerably and because the majority of producers have not made an effort in the past to forecast their future markets, productive capacity is lagging behind demand, particularly in New South Wales.^{oo}

While one Victorian producer, with a large-scale production geared to market needs estimated ten years ago, has been able to absorb the recent phosphate and other cost increases, New South Wales manufacturers announced price increases in excess of the increase in phosphate prices. It only takes 0.6 tons of phosphate to make one ton of superphosphate, and it has been estimated that raw materials account for only 75 per cent of the cost of superphosphate manufacture,^{pp} so that such price rises seemed to be due

	£A	s.	d.
South Africa (ex coastal factories)	17	5	1
United Kingdom [ex railway stations (subsidy of £A8 1s. 3d. deductible)]	20	10	0
United States of America	10	5	0

Source: *Official Records of the Trusteeship Council, Twentieth Session, Supplement No. 2 (T/1603)*, documents T/1595 and Add.1, para. 112.

^{oo} A team of consultants employed by the N.S.W. Graziers' Association recently reported that there was room for a third superphosphate manufacturer in New South Wales. *Australian Financial Review*, 29 August 1964.

^{pp} Commonwealth of Australia, Department of Trade, *The Australian Fertilizer Industry* (Canberra, 1960), p. 6.

to a desire to finance increased capacity from current funds rather than to raw material price increases. A manufacturers' recent report that increases in sales were not leading to rising profits^{qq} may be due to a number of factors, but it is not conducive to confidence in the industry's efficiency.

Australia at present only produces superphosphate although it would pay it to concentrate on double and tri-phosphates which, although dearer to produce per unit of P₂O₅ and more difficult to spread evenly, are, because they are highly concentrated, cheaper to the user where distances are great. Double and tri-phosphate production predominates in the United States while one Australian firm is "thinking" about their production.

Methods of superphosphate distribution are primitive and poor. There is little bulk distribution, again almost universal in the United States, although it would result in considerable savings to users.^{rr} Nor is superphosphate spread as effectively as it might be. In spite of recent advances Australia still lags behind New Zealand in aerial spreading, and Australian farmers do not always use effective spreading equipment.

Apart from economic arguments which would entitle Nauruans to the economic rent share of phosphate prices at world levels, it seems not only unjust but absurd that Australian primary production should be subsidized by Nauru. In comparison to other Pacific Islands Nauruan living standards are high, but income per head is clearly below Australian levels, and problems of the future have to be met. It would cost Australia relatively little, and bring rewards in international regard, if it tackled the sums posed by phosphate with more seriousness and less self-interest in the future than it has in the past.

^{qq} *Australian Financial Review*, 7 August 1964.

^{rr} *The Australian Fertilizer Industry*, p. 7.

TABLE I. — PHOSPHATE EXPORTS FROM NAURU BY COUNTRY OF DESTINATION

Year *	Exports to Australia		Exports to New Zealand		Exports to United Kingdom		Exports to other countries ^b		Total exports (tons)	Total value ^c (£A)	Value per ton (£A)
	Tons	Per cent of total	Tons	Per cent of total	Tons	Per cent of total	Tons	Per cent of total			
1922	143,920	79.0	38,250	21.0					182,170	369,623	2.03
1923	177,950	83.0	25,950	12.1			10,400	4.9	214,300	369,668	1.73
1924	200,770	71.5	80,220	28.6					280,990	405,188	1.44
1925	145,300	64.8	64,260	28.7			14,700	6.6	224,260	300,957	1.34
1926	193,785	70.5	81,150	29.5					274,935	427,249	1.55
1927	220,415	69.3	97,770	30.7					318,185	720,439	2.28
1928	255,520	80.1	63,250	19.8			75	0.0	318,845	659,122	2.06
1929	237,525	72.8	88,600	27.2					326,125	346,050	1.06
1930	217,945	80.4	53,310	19.7					271,255	270,067	1.00
1931	156,380	63.8	88,785	36.2					245,165	239,038	0.98
1932	296,570	70.9	121,610	29.1					418,180	466,423	1.12
1933	227,150	62.5	100,730	27.7			35,800	9.8	363,680	436,651	1.20
1934	270,850	64.6	111,750	26.7			36,350	8.7	418,950	470,872	1.12
1935	297,200	61.8	156,950	32.6			26,800	5.6	480,950	474,393	0.99
1936	373,950	68.3	149,950	27.4	17,500	3.2	6,000	1.1	547,400	469,607	0.86
1937	463,925	67.3	196,850	28.6	5,725	0.8	22,400	3.3	688,900	513,989	0.75
1938	626,950	74.5	190,950	22.7	15,650	1.9	7,500	0.9	841,050	546,683	0.65
1939	588,150	63.1	258,950	27.8	77,650	8.3	7,350	0.8	932,100	605,974	0.65
1940	459,300	56.8	281,650	34.8	22,900	2.8	44,550	5.5	808,400	541,168	0.67
1941	56,850	57.3	42,300	42.6					99,150	69,375	0.70
1947	83,843	86.9	12,630	13.1					96,473	192,946	2.00
1948	179,257	68.0	84,250	32.0					263,507	527,014	2.00
1949	513,256	75.4	167,490	24.6					680,746	1,174,287	1.73
1950	779,456	77.2	229,810	22.8					1,009,266	1,589,594	1.58
1951	693,815	73.0	256,929	27.0					950,744	1,378,578	1.45
1952	592,675	55.8	469,122	44.2					1,061,797	1,725,420	1.63
1953	758,831	61.8	468,272	38.2					1,227,103	1,994,045	1.63
1954	669,644	60.7	348,182	31.6	85,900	7.8			1,103,726	1,931,520	1.75
1955	663,580	53.6	423,306	34.2	150,350	12.2			1,237,236	2,165,163	1.75
1956	882,025	60.1	483,619	33.0	102,150	7.0			1,467,794	2,568,640	1.75
1957	755,538	59.1	391,588	30.6	131,050	10.3			1,278,176	2,236,808	1.75
1958	755,002	64.7	306,478	26.3	105,700	9.1			1,167,180	2,421,898	2.08
1959	704,632	58.7	291,956	24.3	204,550	17.0			1,201,138	2,492,361	2.08
1960	709,713	57.6	340,424	27.6	182,950	14.8			1,233,087	2,836,261	2.30
1961	783,961	58.6	363,520	27.2	191,200	14.3			1,338,681	2,945,098	2.20
1962	961,492	62.4	416,110	27.0	164,050	10.6			1,541,652	3,391,634	2.20
1963	981,550	61.0	399,300	24.8	227,900	14.2			1,608,750	3,981,656	2.48

Source : Territory of Nauru, Reports.

* Year ending 30 June.

^b Japan and Finland and Samoa.

^c 1922-1928 calculated from *f.o.b.* figures published in *Commonwealth Year Book*, 1929.

TABLE II. — POPULATION OF NAURU, 1921-1963

<i>Year</i> ^a	<i>Chinese</i>	<i>Europeans</i>	<i>Other Pacific islanders</i>	<i>Total immigrants</i>	<i>Nauruans</i>	<i>Total population</i>
1921	597	119	266	982	1,084	2,066
1922	514	110	265	889	1,113	2,129 ^b
1923	486	139	140	765	1,164	2,067 ^c
1924	684	114	31	829	1,189	2,120 ^d
1925	814	118	22	954	1,220	2,174
1926	822	117	27	966	1,251	2,217
1927	761	115	21	1,897	1,266	2,163
1928	1,051	131	20	1,202	1,277	2,479
1929	1,099	134	16	1,249	1,365	2,614
1930	1,110	147	16	1,273	1,411	2,684
1931	1,105	147	14	1,266	1,426	2,692
1932	696	141	4	841	1,475	2,316
1933	936	165	13	1,114	1,527	2,641
1934	933	163	14	1,110	1,567	2,677
1935	931	158	4	1,093	1,603	2,696
1936	1,092	179	4	1,275	1,647	2,922
1937	1,261	194	4	1,459	1,638	3,097
1938	1,533	179	27	1,739	1,661	3,400
1939	1,512	171	44	1,727	1,733	3,460
1940	1,350	192	49	1,591	1,761	3,352
1941						
1942	194	7	193	394	1,848	2,242
1943						
1944						
1945			17		589	
1946	778	79	21	878	1,369	2,247
1947	1,163	192	31	1,386	1,379	2,765
1948	1,370	247	97	1,714	1,448	3,162
1949	1,440	247	58	1,745	1,524	3,269
1950	1,491	278	81	1,850	1,582	3,432
1951	1,411	274	131	1,816	1,618	3,434
1952	759	253	560	1,572	1,672	3,244
1953	515	270	874	1,659	1,745	3,404
1954	552	291	846	1,689	1,828	3,517
1955	568	262	911	1,741	1,935	3,676
1956	696	286	935	1,917	1,976	3,893
1957	732	373	1,105	2,210	2,093	4,303
1958	654	363	1,133	2,150	2,158	4,308
1959	712	382	974	2,068	2,196	4,264
1960	715	380	1,052	2,147	2,328	4,475
1961	712	324	1,094	2,130	2,409	4,539
1962	748	412	1,173	2,333	2,516	4,849
1963	697	469	1,077	2,243	2,558	4,801

Source : Territory of Nauru, *Reports*.

^a Year ending 30 June.

^b Includes 127 New Guinea natives.

^c Includes 138 New Guinea natives.

^d Includes 102 New Guinea natives.

TABLE III. — VALUE OF ROYALTIES AND COSTS OF ADMINISTRATION COVERED

Year *	Administra- tion ^b costs (£A)	Administra- tion ^c costs as a percentage of value of phosphate exports (%)	Nauru Royalty Trust Fund (£A)	Nauru Royalty Trust Fund new houses (£A)	Nauruan Community Long Term Investment Fund (£A)	Nauruan Landowners' Royalty Trust Fund (£A)	Direct ^d returns to Nauruan landowners (£A)	Total ^e royalty payments to Nauruans (£A)	Total ^e royalty payments to Nauruans as a percentage of value of phosphate exported (%)	Total ^e payments on Nauru phosphate (£A)	Total ^e payments on Nauru phosphate as a percentage of value of phosphate exported (%)
1922	3,879	1.1						2,277	0.6	6,156	1.7
1923	4,488	1.2						2,679	0.7	7,167	1.9
1924	6,689	1.7	1,092				2,620	3,712	0.9	10,401	2.6
1925	6,805	2.3	1,090				1,713	2,803	0.9	9,608	3.2
1926	4,833	1.1	863				2,574	3,437	0.8	8,270	1.9
1927	8,050	1.1	1,401				2,652	4,053	0.6	12,103	1.7
1928	7,856	1.2	1,920			2,560	5,314	9,794	1.5	17,650	2.7
1929	8,585	2.5	2,141			2,854	5,196	10,191	3.0	18,776	5.5
1930	6,448	2.4	1,838			2,451	4,188	8,477	3.1	14,965	5.5
1931	5,989	2.5	1,519			2,025	4,117	7,661	3.2	13,650	5.7
1932	9,064	1.9	1,808			2,411	8,849	13,068	2.8	22,132	4.7
1933	9,944	2.3	2,726			3,634	5,569	11,929	2.7	21,873	5.0
1934	10,449	2.2	2,369			3,159	8,214	13,742	2.9	24,191	5.1
1935	11,655	2.5	2,862			3,816	9,097	15,775	3.3	27,430	5.8
1936	13,562	2.9	3,166			4,222	10,567	17,955	3.8	31,517	6.7
1937	15,375	3.0	3,610			4,813 ^f	14,173	22,596	4.4	37,971	7.4
1938	21,429	3.9	5,227			8,711	14,094	28,032	5.1	49,461	9.0
1939	25,066	4.1	5,777			9,628	15,662	31,067	5.1	56,133	9.3
1940	20,351	3.8	5,748			9,580	11,617	26,945	5.0	47,296	8.7
1948	8,527	1.6	2,812		1,473	1,969	8,028	14,282	2.7	22,809	4.3
1949	29,785	2.5	7,675		5,020	5,020	12,194	29,909	2.6	59,694	5.1
1950	37,443	2.4	11,088		7,314	7,314	18,329	44,045	2.8	81,488	5.1
1951	77,138	5.6	12,806		17,637	8,537	16,288	55,268	4.0	132,406	9.6
1952	83,701	4.9	12,665		21,108	8,443	19,289	61,505	3.6	145,206	8.4
1953	153,756	7.7	14,449		24,081	9,632	28,398	77,060	3.9	230,816	11.6
1954	223,131	11.6	14,992		23,640	9,455	27,425	75,512	3.9	298,643	15.5
1955	293,113	13.5	15,008		26,134	13,241	46,397	100,780	4.7	393,893	18.2
1956	248,856	9.7	19,212		31,671	12,669	50,464	114,016	4.4	362,872	14.1
1957	201,645	9.0	17,584		28,957	11,934	35,653	94,128	4.2	295,773	13.2
1958	328,988	13.6	19,747		25,455	9,265	36,123	90,590	3.7	419,578	17.3
1959	330,597	13.3	24,336	26,383	86,350	19,074	38,916	195,059	7.8	525,656	21.1
1960	412,052	14.5	19,060	14,293	57,173	14,293	56,230	161,049	5.7	573,101	20.2
1961	470,667	16.0	37,711	18,582	74,327	40,071	79,085	249,776	8.5	720,443	24.5
1962	494,415	14.6	43,075	18,461	73,844	49,229	81,868	266,477	7.9	760,892	22.5
1963	530,525	13.3	47,377	20,304	81,218	54,145	90,645	293,689	7.4	824,214	20.7

Source : Territory of Nauru, Reports, *passim*.

* Year ending 30th June.

^b Includes royalty of 1s. per ton to Administration.

^c The total value of phosphate exported for the years 1922 to 1928 has been calculated by multiplying *f.o.b.* prices of Nauru phosphate by the amount exported (Table I).

^d 1923-1924 to 1925-1926, 1928-1929 to 1957-1958 calculated by subtracting amounts paid to Nauru Royalty Trust Fund and Nauruan Landowners' Royalty Trust Fund from total royalty payments to Nauruans. 1927 and 1928 calculated by multiplying export tonnage by royalty rate.

^e 1921-1922 to 1947-1948 calculated by multiplying Nauruan royalty rate by total tonnage exported. 1948-1949 to 1957-1958 from annual reports — royalty payable to Nauruans. 1958-1959 to 1962-1963 calculated by adding together all royalty payments to Nauruans.

^f Includes an Administration subsidy to brass band.

TABLE IV. — ROYALTY RATES SINCE 1920
(Per ton of phosphate exported)

Year	Royalty paid direct to landowners s. d.	Nauru Royalty Trust Fund s. d.	Nauruan Landowners' Royalty Trust Fund s. d.	Nauruan Community Long Term Investment Fund s., d.	Total s. d.
1920					1/2 ^a
1921	2	1			3
1922	2	1			3
1923					
1924	2	1			3
1925	2	1			3
1926	2	1			3
1927					
1928					
1929	4	1 1/2	2		7 1/2
1930	4	1 1/2	2		7 1/2
1931	4	1 1/2	2		7 1/2
1932	4	1 1/2	2		7 1/2
1933	4 3/8	1 1/2	2		7 7/8
1934	4 3/8	1 1/2	2		7 7/8
1935	4 3/8	1 1/2	2		7 7/8
1936	4 3/8	1 1/2	2		7 7/8
1937	4 3/8	1 1/2	2		7 7/8
1938	4	1 1/2	2 1/2		8
1939	4	1 1/2	2 1/2		8
1940	4 or 5 ^b	1 1/2	2 1/2		8 or 9 ^b
1941					
1942					
1943					
1944					
1945					
1946					
1947					
1948	6	3	2	2	1. 1
1949	6	3	2	2	1. 1
1950	6	3	2	5	1. 4
1951	6	3	2	5	1. 4
1952	6	3	2	5	1. 4
1953	6	3	2	5	1. 4
1954	6	3	2	5	1. 4
1955	8	3	2	5	1. 6
1956	8	3	2	5	1. 6
1957	8	3	2	5	1. 6
1958	9	3	2	5	1. 7
1959	9	7	3	1. 0	2. 7
1960	1. 1	10	3	1. 0	3. 2
1961	1. 1	10	8	1. 0	3. 7
1962	1. 1	10	8	1. 0	3. 7
1963	1. 2	10	8	1. 0	3. 8
1964	1. 2	10	8	1. 0	3. 8

Source : Territory of Nauru, Reports.

^a From 21 July.

^b Depending on price of phosphates; actual rate paid was 8d.

TABLE V. — VALUE OF PHOSPHATE EX MINES AND EXPORTED NAURU,
FRENCH POLYNESIA AND UNITED STATES OF AMERICA

Year ^a	Nauru	French Polynesia	United States of America ^b	
	(£A per long ton ex Nauru)	(£A per metric ton ex French Polynesia)	(£A per long ton ex mines)	(£A per long ton exports f.o.b.)
1939	0.65			
1947	2.00 ^c		1.63	
1948	2.00		1.82	2.87
1949	1.73	3.45	1.78	2.83
1950	1.58	4.07	2.56	3.64
1951	1.45	4.73	2.70	3.83
1952	1.63	4.57	2.71	3.93
1953	1.63	4.64	2.74	3.91
1954	1.75	5.88	2.80	3.96
1955	1.75	5.90	2.77	4.03
1956	1.75	5.90	2.79	4.00
1957	1.75	6.08	2.83	3.19
1958	2.08	5.81	2.82	4.01
1959	2.08	6.59	2.78	3.94
1960	2.30	6.06	3.00	3.97
1961	2.20	6.05	3.17	4.03
1962	2.20			
1963	2.48			

Source : Nauru : Territory of Nauru, *Reports*. French Polynesia : *Journal Officiel de la Polynésie française, Supplément*. (The exchange rate for Nouméa francs was used to convert into £A.) United States : *Statistical Abstract of the United States*.

^a Nauru and United States : year ending 30 June; French Polynesia, calendar years.

^b United States phosphate quality not necessarily the same as Pacific Island phosphate quality.

^c Average figure for 1942-1947.

TABLE VI. — VALUE OF PHOSPHATE IMPORTS C.I.F. UNITED KINGDOM AND JAPAN

Year ^a	United Kingdom		Japan
	Value of total imports £A per long ton c.i.f.	Value of imports from Nauru £A per long ton c.i.f.	Value of total imports £A per metric ton c.i.f.
1947	5.30		
1948	5.09		
1949	5.48		
1950	5.98		
1951	9.34		10.35
1952	9.19		11.21
1953	8.28		7.62
1954	8.03		7.90
1955	8.40		9.32
1956	9.40		11.19
1957	9.61		11.71
1958	8.26		7.50
1959	7.64	6.70	6.83
1960	7.30	6.91	7.15
1961	7.36	7.16	7.66
1962			
1963			

Source : United Kingdom : *Annual Statements of Trade*; Japan : *Statistical Year Book, 1961*.

^a United Kingdom : year ending 30 June; Japan : calendar year.

TABLE VII

<i>Year</i>	<i>Estimated gain to Nauru on sales of phosphate if French Polynesian average export values per ton had been charged on Nauruan exports</i>		<i>Estimated gain to Nauru on sales of phosphate if U.S.A. average export values per ton had been charged on Nauruan exports</i>	
	<i>£A per long ton</i>	<i>£A million total exports from Nauru</i>	<i>£A per long ton</i>	<i>£A million total exports from Nauru</i>
1939				
1947				
1948			0.87	0.2
1949	1.72	1.2	1.10	0.8
1950	2.49	2.5	2.06	2.1
1951	3.28	3.1	2.38	2.3
1952	2.94	3.1	2.30	2.4
1953	3.01	3.7	2.28	2.8
1954	4.13	4.6	2.21	2.4
1955	4.15	5.1	2.28	2.8
1956	4.15	6.1	2.25	3.3
1957	4.33	5.5	1.44	1.8
1958	3.73	4.4	1.93	2.3
1959	4.51	5.4	1.86	2.2
1960	3.76	4.6	1.67	2.1
1961	3.85	5.2	1.83	2.5
1962				
1963				

Source : Calculated from Tables I and V.

TABLE VIII. — VOLUME OF PHOSPHATE IMPORTS INTO AUSTRALIA BY PRINCIPAL COUNTRIES OF ORIGIN

Year *	Imports from Nauru		Imports from Ocean Island		Imports from Christmas Island		Imports from other countries		Total imports (tons)
	(tons)	(per cent of total)	(tons)	(per cent of total)	(tons)	(per cent of total)	(tons)	(per cent of total)	
1906			24,214	89.0	3,130	10.0	10	1.0	27,354
1907			35,480	91.0	3,000	9.0	2	0.0	38,482
1908			63,215	99.7			168	0.0	63,383
1909			39,939	79.4	10,226	20.3	137	0.3	50,302
1910									
1911					19,652	22.8	66,405	77.2	86,057
1912			74,815	76.2	12,767	13.0	10,600	10.8	98,182
1914									
1915	17,318	10.0	98,855	57.1	13,724	7.9	43,330	25.0	173,227
1916	47,704	25.0	96,050	50.4	26,866	14.1	20,069	10.5	190,689
1917	27,418	15.4	92,501	52.0	47,885	26.9	10,024	5.6	177,828
1918	51,426	28.2	112,861	62.0	17,864	9.8		0.0	182,152
1919	58,513	41.6	62,962	44.8	11,938	8.5	7,177	5.1	140,591
1920	63,522	49.1	42,501	32.9	23,226	18.0	9	0.0	129,258
1921	91,627	38.5	103,662	43.6	42,457	17.9	61	0.0	237,807
1922	106,458	65.4	34,332	21.1	22,000	13.5			162,790
1923	98,944	58.2	54,056	31.8	16,504	9.7	446	0.3	169,950
1924	160,596	68.4	66,788	28.4			7,495	3.2	234,879
1925	140,599	48.9	146,981	51.1					287,579
1926	137,599	42.6	150,920	46.7	18,500	5.7	16,168	5.0	323,187
1927	200,039	39.3	238,893	47.0	5,437	1.1	64,216	12.6	508,583
1928			172,914	37.5			288,092	62.5	461,006
1929	89	0.0	252,638	40.9			364,759	59.1	617,486
1930	205,544	38.9	183,904	34.8			139,507	26.4	528,955
1931	199,913	46.4	120,016	27.9			110,807	25.7	430,736
1932	192,928	64.9	68,624	23.1			35,873	12.1	297,425
1933	294,476	61.6	149,948	31.3			34,026	7.1	478,450
1934	239,685	64.1	114,688	30.7			19,646	5.3	374,019
1935	254,444	62.0	155,621	38.0					410,065
1936	334,406	63.8	190,003	36.2					524,408
1937	362,354	54.7	300,640	45.3					662,994
1938	553,044	71.1	224,551	28.9					777,595
1939	630,321	78.8	165,290	20.7			5,811	0.7	800,422
1940	529,491	79.0	138,625	20.7			2,316	0.4	670,432
1941	230,068	61.3	84,755	22.6	7,150	1.9	53,100	14.2	375,073
1942	41,287	13.3	67,644	21.8	61,947	19.9	140,092	45.1	310,970
1943							225,179	100.0	225,179
1944							302,105	100.0	302,105
1945							473,425	100.0	473,425
1946					3,550	0.5	660,734	99.5	664,284
1947	96,911	13.4	67,636	9.3	30,148	4.2	531,315	73.2	726,010
1948	174,849	24.9	210,784	30.0	110,578	15.8	205,391	29.3	701,602
1949	520,178	57.2	211,075	23.2	77,403	8.5	101,108	11.1	909,764
1950	723,206	61.0	249,583	21.1	202,477	17.1	10,136	0.9	1,185,402
1951	735,516	66.8	159,288	14.5	192,499	17.5	14,375	1.3	1,101,678
1952	551,948	54.4	160,840	15.9	301,307	29.7	5	0.0	1,014,100
1953	762,900	60.0	169,503	13.3	338,730	26.7	6	0.0	1,271,139
1954	692,820	60.6	161,495	14.1	286,062	25.0	2,953	0.3	1,143,330
1955	611,958	56.3	165,688	15.2	309,238	28.5			1,086,884
1956	910,102	64.2	211,979	14.9	280,510	19.8	15,936	1.1	1,418,527
1957	797,444	60.3	237,561	18.0	286,602	21.7			1,321,607
1958	763,690	60.0	192,030	15.1	305,118	24.0	12,928	1.0	1,273,766
1959	731,450	54.0	210,570	15.6	399,020	29.5	12,699	0.9	1,353,739
1960	657,141	49.7	224,357	17.0	440,675	33.3			1,322,173
1961	1,008,893	58.5	291,222	16.9	405,200	23.5	18,203	1.1	1,723,518
1962	1,109,360	56.9	320,924	16.5	519,427	26.6	423	0.0	1,950,134
1963	1,061,752	62.6	212,440	12.5	403,099	23.8	17,625	1.0	1,694,916
1964	926,695	46.6	391,769	19.7	573,911	28.9	97,038	4.9	1,989,413

Source : Commonwealth Bureau of Census and Statistics. *Oversea Trade Bulletin*.
 * 1906-1912 : calendar years; 1914-1964 : year ending 30th June.

TABLE IX. — VALUE PER TON OF PHOSPHATE IMPORTS INTO AUSTRALIA
BY PRINCIPAL COUNTRIES OF ORIGIN AND TOTAL 1906-1963/64 (F.O.B. PRICES)^a

Year ^b	Imports from Nauru	Imports from Ocean Island	Imports from Christmas Island	Total imports	Value of rock phosphate used in chemical fertilizer in Australia
	(£A per ton)				
1906		2.6	2.5	2.6	
1907		2.6	3.5	2.7	
1908		2.9		2.9	
1909		2.8	3.1	2.9	
1910					
1911			2.4	2.7	
1912		2.9	2.0	2.7	
1914					
1915	2.4	2.3	2.2	2.3	
1916	2.3	2.3	2.5	2.3	
1917	2.3	2.3	3.1	2.5	
1918	2.2	2.1	4.6	2.4	
1919	2.2	2.1	5.0	2.4	
1920	2.2	2.1	4.5	2.6	
1921	2.4	2.8	4.9	3.0	
1922	3.5	2.9	3.9	3.4	
1923	2.9	3.1	3.8	3.0	
1924	2.9	2.8		2.9	
1925	2.5	2.6		2.6	
1926	2.5	2.6	1.7	2.5	
1927	2.2	2.2	1.7	2.2	
1928		2.0		2.0	
1929	0.25	2.0		2.1	
1930	2.2	2.0		2.1	
1931	1.2	1.3		1.3	
1932	1.1	1.3		1.2	
1933	1.1	1.3		1.2	
1934	1.2	1.4		1.3	
1935	1.1	1.3		1.2	
1936	1.1	1.2		1.1	
1937	1.0	1.1		1.1	
1938	1.0	1.0		1.0	
1939	1.0	1.1		1.0	
1940	1.0	1.0		1.0	
1941	0.8	0.8	0.8	0.8	
1942	1.5	1.3	2.0	1.5	
1943				1.4	
1944				1.6	
1945				2.3	
1946			2.8	2.5	
1947	2.4	2.7	3.3	2.9	
1948	2.1	2.5	3.3	2.7	
1949	1.9	2.4	3.3	2.2	
1950	1.8	2.3	3.4	2.2	5.33
1951	1.6	2.1	3.4	2.0	4.48
1952	1.9	1.7	3.1	2.2	7.58
1953	1.7	1.7	2.7	2.0	6.62
1954	1.8	1.8	3.0	2.1	5.99
1955	2.0	1.9	2.1	2.0	5.91
1956	2.0	2.0	2.0	2.0	6.35
1957	2.1	2.1	2.1	2.1	7.09
1958	2.6	2.6	2.6	2.6	7.81
1959	2.8	2.8	2.8	2.8	6.77
1960	2.8	2.8	2.8	2.8	6.89
1961	2.4	2.8	2.7	2.5	6.59
1962	2.4	2.7	2.7	2.6	6.61
1963	2.9	3.2	2.9	2.9	6.90
1964	3.0	3.4	3.1	3.1	

Source : Commonwealth Bureau of Census and Statistics, *Oversea Trade Bulletins* and *Secondary Industries Bulletins*.



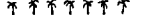
^a The Commonwealth Statistician adds a 10 per cent charge to stated *f.o.b.* prices to cover freight and insurance but in the case of phosphate this is only about a fifth of actual freight and insurance costs.

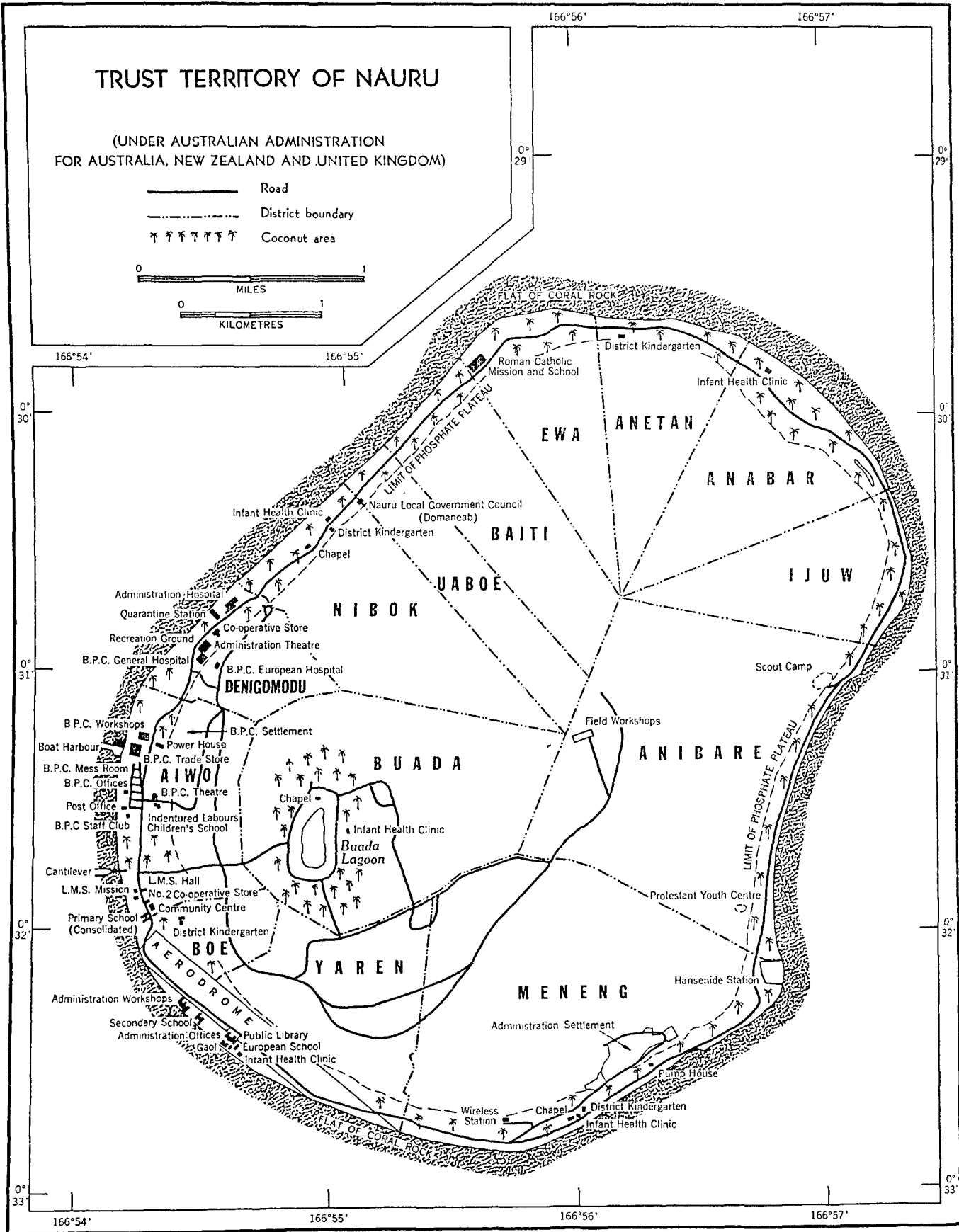
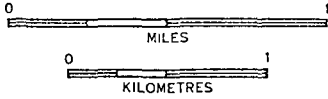
^b 1906-1912 calendar years, then year ending 30 June.

^c Foreign imports only.

TRUST TERRITORY OF NAURU

(UNDER AUSTRALIAN ADMINISTRATION
FOR AUSTRALIA, NEW ZEALAND AND UNITED KINGDOM)

-  Road
-  District boundary
-  Coconut area



RESOLUTION 2143 (XXXII) ADOPTED BY THE TRUSTEESHIP COUNCIL ON 29 JUNE 1965

**REPORTS OF THE UNITED NATIONS VISITING MISSION TO THE TRUST TERRITORIES
OF NAURU AND NEW GUINEA, 1965**

The Trusteeship Council,

Having examined at its thirty-second session the reports of the United Nations Visiting Mission to the Trust Territories of Nauru and New Guinea, 1965,¹

Having heard the oral observations made by the representatives of Australia concerning the said reports,

1. *Takes note* of the reports of the Visiting Mission and of the observations of the Administering Authority thereon;

2. *Expresses its appreciation* of the work accomplished by the Visiting Mission on its behalf;

3. *Draws attention* to the fact that, at its thirty-second session, in formulating its own conclusions and recom-

mendations on conditions in the Trust Territories concerned, the Council took into account the recommendations and observations of the Visiting Mission and the observations of the Administering Authority thereon;

4. *Decides* that it will continue to take these recommendations, conclusions and observations into account in future examinations of matters relating to the Trust Territories concerned;

5. *Invites* the Administering Authority concerned to take into account the recommendations and conclusions of the Visiting Mission as well as the comments made thereon by the members of the Council;

6. *Decides*, in accordance with rule 98 of its rules of procedure, that the reports of the Visiting Mission and the text of the present resolution shall be printed.

¹ See document T/1636 in the present volume and *Official Records of the Trusteeship Council, Thirty-second Session, Supplement No. 3*, documents T/1635 and Add. 1.

*1269th meeting,
29 June 1965.*

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