

REPUBLIC OF NAURU
REGISTRATION OF ASSOCIATIONS BILL 2020
SECOND READING SPEECH
Honourable Maverick Eoe MP
22 October 2020

Mr Speaker Sir,

I am pleased to introduce to the House today the *Registration of Associations Bill 2020*.

Mr Speaker, before I discuss the relevant parts of the Bill, it is important for me to lay a foundation for the Bill. The registration process of businesses, trusts and other entities including professionals such as doctors and lawyers are all subject to the laws made by the Parliament. For instance, there are at least 6 different statutes governing business registration, 2 for trusts, *Health Practitioners Act* for doctors, and recently, the *Legal Practitioners Act* for lawyers. There are other bodies which are operating in the community which strive to seek some form of registration but are not able to. In many instances, these are organisations to which people subscribe to, for no benefit at all. However, such organisations provide support and benefits to the members of the community in many instances, without any charge or fees. They are non-profit organisations. One of the fundamental issues they have in common is that they lack any legislative recognition or foundation in our laws. This Bill is to recognise these entities, their efforts in the community and also to give them that support so that they are able to further enhance their activities.

Sir, returning to the Bill, Clause 3 provides for the objectives of the Bill. It is to provide for a framework for the regulation of not-for-profit organisations such as sport and recreation clubs, societies and community groups in the Republic but leave the internal management of associations largely to the members. This Bill permits associations to register and create a separate legal entity that can enter into contracts, hold property and sue or be sued when such circumstances arise. This broad objective will allow such informal bodies to tap into donor funding which they have not been able to in the past, due to their inability to prove their legal existence in the country.

Mr Speaker, Part 2 of the Bill provides for the nature of bodies which are capable of being registered under the Bill. The underlying criteria is that the bodies are only eligible to register, if they are able through their own constitution to demonstrate that any moneys, grants, donations or funding are not designed to financially benefit its own members. Clause 5 lists a number of bodies which fall into this category.

Clause 6 expressly provides for bodies which are not capable of being registered under this Bill, where:

- (a) its members derive any profit from the organisation;
- (b) its members hold shares or stocks which may end up being paid dividends; and
- (c) any interest which is capable of being transferred or disposed to the members as beneficial owners under the *Beneficial Ownership Act 2017*.

In addition, Clause 6(3) categorically excludes trade unions and all other institutions which have some other means of registration under other Acts.

Clause 7 provides for what constitutes financial benefits to members to ensure that the checks and balances of an organisation's non-profit purpose is not used in disguised form to make financial gains for members.

Part 3 of the Bill deals with the administration of the organisations. To a large extent, these bodies' registration will be renewed on an annual basis by the Registrar of Associations. The registration of an organisation is valid for 12 months.

Part 6 deals with foreign organisations. Foreign organisation which are operating as non-profit organisations will now be required to apply for a certificate of compliance. The important information they are required to provide is their registration in the respective countries, a personal representative to be present in the country and its status in the particular country of registration. Regulations will be developed to ensure that any adverse report during the course of the registration will need to be brought to the attention of the Registrar. The intention of the legislation is to ensure that international organisations do provide assistance to the people of the Republic, but we are also conscious of the fact that some organisations are likely to affect the social and economic fabric of our society and Government.

Part 7 requires all organisations to maintain records. An annual report is to be submitted to the Registrar of Associations. It is anticipated that the Minister will be able to table the operations of this Act to the Parliament from time to time in its initial stages of implementation.

Part 9 provides for the offences of the Bill. The Schedule provides a guide for all the organisations on matters which must be provided for in the constitution or other forms of instruments of the organisation.

Mr Speaker Sir, this Bill gives organisations such as, the Nauru Chamber of Commerce, the means to legally establish itself. There are many organisations to which the Government also gives funding apart from the donor funding they receive from parent bodies overseas. These

organisations assist the people and the development of the country. There are many organisations which deal with children and have opportunities for donor funding to enhance the lives of our children. The same is for women.

Registration of associations or in some countries, it is called unincorporated bodies, largely constituting members who subscribe to such organisations is permissible under legislation such as Associations Act, Not-for-profit Organisations Act, Unincorporated Societies Act, Friendly Societies Act and so forth. This Bill is no different to those laws but is carefully drafted to ensure that it meets the requirements of our community and country as a whole.

Mr Speaker Sir and honourable Members, it is my duty to inform this House that this is not our first effort to recognise in our laws the existence of non-profit organisations in our country. Section 6 of the *Business Tax Act* expressly refers to non-profit organisations which makes references to organisations which are not subject to any tax. The underlying criteria in the *Business Tax Act* is the same as in this Bill in that these organisations are not to use the organisations for the ‘private benefit of a proprietor or member of the organisation’. Reference is also made to bodies such as those established for those suffering from poverty, distress, amateur sports or religion.

The organisations which are to seek benefit from tax exemption must establish themselves to be a non-profit organisation. By giving this opportunity for them to establish legally will no doubt assist in the enforcement of the Business Tax Act 2016.

Mr Speaker, the explanatory memorandum details the provisions of the Bill. Sir, I request that the explanatory memorandum be read and recorded in the Hansard Reports.

I commend the Bill to the House.