

REPUBLIC OF NAURU

NAURU SUPERANNUATION (AMENDMENT) BILL 2020

SECOND READING SPEECH

Honourable Martin Hunt, MP

28 January 2020

Mr. Speaker Sir,

I introduce to the House today the *Nauru Superannuation (Amendment) Bill 2020*.

The *Nauru Superannuation Act 2018* made it mandatory for employers to pay 5% of their employees' wages into the Nauru Super Fund. Over the past year, local Nauruan employers have been facing difficulties with the mandatory employer contribution to superannuation. The mandatory contribution is affecting the local businesses given the businesses' low profit margin.

Mr Speaker, the non-payment of such contributions results in the commission of offences by the employers under the Act. The penalties for this are a fine not exceeding \$10,000.00 or a term of imprisonment not exceeding 2 years or both. If a substantial number of employers are unable to make mandatory payments, these employers will face prosecution and resulting penalties. Alternatively, some employees will have to be made redundant to meet the statutory compliance.

The Bill amends the Act by providing an exemption for an employer or class of employers from paying mandatory contributions. However, the importance of the Superannuation contribution has not been overlooked. There are some employers who may still be able to pay the employers' contribution of the superannuation. The proposed amendment allows such voluntarily paying of the contributions in accordance with the Act. It is intended that given time and financial planning the employers may have sufficient income to contribute to the superannuation taking advantage of the voluntary contribution provision. It is encouraged that employers take advantage of the voluntary contribution in order to contribute to the welfare and future of dedicated employees on retirement.

The proposed amendment also allows the employees to make voluntary employee contributions independent of the Employers' contribution.

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.