

Currency (Amendment) Bill 2012

SECOND READING SPEECH

Hon Roland Kun
Minister for Finance

10 October 2012

Mr Deputy Speaker,

I am introducing to this House today the *Currency (Amendment) Bill 2012*.

This Bill will amend the *Currency Act 1976* to provide for the past and future issue of national coins.

For some years the Bank of Nauru has derived income from the sale of commemorative coins. Coins have typically depicted a design of well-known persons or events, with the words 'Bank of Nauru' on the obverse side of the coin.

Written agreements have been entered into by the Bank of Nauru with World Coin Association (WCA), a commemorative coins supplier based in Germany. These agreements have specified that the coins were legal tender. However, with the liquidation of the Bank of Nauru, the government does not presently have the legal power to designate commemorative coins as legal tender of Nauru. This creates a problem not only in terms of the validity of the agreements with WCA, but also in terms of the value of the coins to collectors. A standard requirement of coin collectors is that commemorative coins are legal tender. Without this, coins are merely tokens or medallions with little market value.

This Bill will repair this situation by amending the *Currency Act 1976* with retrospective effect to provide that the commemorative coins already minted and sold by WCA on behalf of the Bank of Nauru are, and have always been, legal tender of Nauru.

The amendments to the *Currency Act* will also provide government with the legal power to designate coins as legal tender of Nauru in future. This will facilitate government entering into future contracts with commemorative coin suppliers for the minting and sale of coins as legal tender of Nauru, and enable government to maintain revenue streams from that source. The Department of Finance, as the Department responsible for the administration of the *Currency Act 1976*, will continue to manage the commemorative coin sales and associated contracts.

Mr Deputy Speaker, I have circulated with this Bill an Explanatory Memorandum which explains the provisions of the Bill. Honourable Members will note that the bulk of the Bill is contained in the Schedule which describes each of the commemorative coins already issued. The *Currency Act* as amended will provide that in respect of any future commemorative coins, the Minister may, by Gazette notice, authorise the issue of a national coin. The Gazette notice must describe or show the physical appearance of the coin, specify the value of the coin, and specify the weight, shape, size and composition of the coin – in the same way that the coins already issued are described in the Schedule.

Mr Deputy Speaker, it is unfortunate that this corrective action has to be taken retrospectively, however it is necessary in order to validate past coins and in order to ensure that any future commemorative coins are validly designated as legal tender of Nauru.

Mr Deputy Speaker, I commend this Bill to the House.

Thank-you.