

Republic of Nauru – 20<sup>th</sup> Parliament

**Provident Fund (Repeal) Bill 2012**

**Second Reading Speech**

**Hon. Roland Kun, M.P., Minister for Finance & Sustainable Development**

**10 October 2012**

Mr Deputy Speaker,

I have introduced to the House today a Bill for an Act to repeal the *Provident Fund Act 1938*.

Mr Deputy Speaker, the story of the Provident Fund and the Provident (Employees) Fund in recent years has not been a happy one. For at least a decade there has been effectively no realisable assets of the fund. For several years, the fund has neither accepted contributions nor made payments to beneficiaries. Instead, any payments have been made by the Government of Nauru from the Treasury Fund. The Provident Funds are no longer viable, and the time has come to wind them up.

The *Provident Fund (Repeal) Bill 2012* will repeal the *Provident Fund Act 1938*, effectively terminating the Provident Fund and the Provident (Employees) Fund. The Bill vests the assets of the Fund (if any) in the Republic. The Government is committed to ensuring that beneficiaries are reimbursed for the contributions they made to the Fund as employees – these will be appropriated from the Treasury Fund. Although beneficiaries might not immediately receive all the benefits and entitlements they expected to when they made those contributions, they will at least receive them over time, subject to Treasury's capacity to pay.

The explanatory memorandum explains each provision of the Act. In addition to the provisions I have already explained, the Bill makes consequential amendments to the *Nauru Police Force Act 1972* to remove references to the repealed Act. The effect of these changes is shown in the explanatory memorandum, which includes an extract from the *Nauru Police Force Act 1972* showing the proposed changes. Finally, the Bill contains a provision expiring the Act the day after it commences. The Act will do all it needs to do on commencement – repeal the *Provident Fund Act 1938*, vest the assets of the Fund in the Republic and amend the *Nauru Police Force Act 1972*. The Act will

then be spent, so there is no need for its continued existence. The expiry provision avoids the need to repeal the Act later on by statute law revision legislation.

Mr Deputy Speaker, it is often said that Nauru cannot undo the mistakes of the past. This is certainly true for the Provident Funds. The best we can hope to do is, over time, return to beneficiaries their entitlements from the Funds that were not managed with the diligence that they were entitled to expect. The repeal of the *Provident Fund Act 1938* is a necessary step in the long process of restoring order to Nauru's economic affairs.

I commend the Bill to the House.

Thank you, Mr Deputy Speaker.