

BILL NO. 42 OF 2022

A BILL

FOR AN ACT TO AMEND THE FIJI NATIONAL PROVIDENT FUND ACT 2011

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Fiji National Provident Fund (Budget Amendment) Act 2022.

(2) This Act comes into force on 1 August 2022 except for section 5 which comes into force on 1 November 2022 and sections 3 and 4 which come into force on 1 January 2023.

(3) In this Act, the Fiji National Provident Fund Act 2011 is referred to as the “Principal Act”.

Section 36 amended

2. Section 36 of the Principal Act is amended by—

(a) after subsection (4), inserting the following new subsection—

“(4A) If an arrangement is made between FNPf and the trustees of a registered trust or trust provided for by written law, where the entitlements of a minor may be invested for the minor by the Board, the Board must admit the minor as an FNPf member.”; and

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(b) in subsection (6)—

- (i) in paragraph (a) after “employer”, inserting “or an FNPF member’s account has been dormant for a period as determined by the Board”; and
- (ii) in paragraph (b) after “event”, inserting “or the member’s dormant account, as the case may be”.

Section 40A amended

3. Section 40A of the Principal Act is amended by—

(a) in subsection (1), deleting “1 January 2022 to 31 December 2022” and substituting “1 January 2023 to 31 December 2023”; and

(b) in subsection (2)—

- (i) deleting “2022” and substituting “2023”; and
- (ii) deleting “31 January 2023” and substituting “31 January 2024”.

Section 40B amended

4. Section 40B(4) of the Principal Act is amended by deleting “12%” and substituting “14%”.

Section 56 amended

5. Section 56 of the Principal Act is amended by deleting subsection (4) and substituting the following—

“(4) A nominee’s right for an option under subsection (2)(aa) and (c) is only effective if only one person is nominated by the deceased FNPF member.”.

Consequential amendment

6. Section 10(b) of the Fiji National Provident Fund (Budget Amendment) Act 2020 is deleted.

July 2022

FIJI NATIONAL PROVIDENT FUND (BUDGET AMENDMENT) BILL 2022

EXPLANATORY NOTE

(This note is not part of the Bill and is intended only to indicate its general effect)

1.0 BACKGROUND

- 1.1 The Fiji National Provident Fund Act 2011 (**‘Act’**) provides for *inter alia* the continuation of the Fiji National Provident Fund Board, and its functions and duties in relation to its overarching fiduciary duty as custodians of Fiji National Provident Fund (**‘FNPF’**) members’ retirement funds.
- 1.2 The Fiji National Provident Fund (Budget Amendment) Bill 2022 (**‘Bill’**) seeks to amend the Act to allow trustees to invest monies held in trust for minors into FNPF and accordingly, allow for FNPF membership for such minors.
- 1.3 The Bill also seeks to amend the Act to increase the rates of mandated contributions by employers and employees from 6% to 7% with effect from 1 January 2023 to 31 December 2023, as part of temporary reliefs provided to employers and employees during the COVID-19 pandemic.
- 1.4 The Bill further seeks to amend the Act to enable the closure of dormant accounts and to allow the sole nominee of an FNPF member to continue with the member’s drawdown account.

2.0 CLAUSES

- 2.1 Clause 1 of the Bill provides for the short title and commencement. If passed by Parliament, the amending legislation will come into force on 1 August 2022 except for clause 5 which will come into force on 1 November 2022 and clauses 3 and 4 which will come into force on 1 January 2023.
- 2.2 Clause 2 of the Bill amends section 36 of the Act to allow FNPF to admit a minor as an FNPF member where arrangements have been made between FNPF and the trustees of a registered trust or a trust provided for by written law, to invest the entitlements of a minor into FNPF.

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- 2.3 Clause 3 of the Bill amends section 40A of the Act to extend the period for the application of Division 3A of Part 3 of the Act to 31 December 2023.
- 2.4 Clause 4 of the Bill amends section 40B(4) of the Act to increase the amount of contributions for an employee from 12% of the total wages payable to the employee by the employer for a month to 14%.
- 2.5 Clause 5 of the Bill amends section 56 of the Act to allow for the sole nominee of an FNPF member to continue with the member's drawdown account in the event the FNPF member dies.
- 2.6 Clause 6 of the Bill consequentially deletes section 10(b) of the Fiji National Provident Fund (Budget Amendment) Act 2020 ('**2020 amendment**') given that the 2020 amendment is not in force at the time the Bill is being tabled in Parliament.

3.0 MINISTERIAL RESPONSIBILITY

- 3.1 The Act comes under the responsibility of the Minister responsible for finance.

A. SAYED-KHAIYUM
Attorney-General