

## **PROVIDENT ACCOUNT (AMENDMENT) BILL 2011**

### **EXPLANATORY MEMORANDUM**

This Bill proposes to rectify deficiencies in the eligibility criteria for contribution by employees on fixed term contracts. It is proposed that employees be entitled, while under contract, to contribute to the Provident Fund should they wish to do so.

The Bill is divided into 4 sections, the first three of which are the usual formal clause describing the Bill and providing for the commencement. Clause 4 is a Schedule of the proposed amendments to the principal Act.

The Schedule contains 2 Items—

**Item 1** simplifies and clarifies the definition of an “eligible employee” to include a person who is engaged for a specified period of not less than 1 year.

**Item 2** includes persons on fixed term employment contracts among those persons who are not required to make contributions provided that they choose not to do so and that they agree to the receipt of an agreed gratuity in lieu thereof.

25 January 2011