

REPUBLIC OF NAURU

DEVELOPMENT FUND (AMENDMENT) BILL 2021

EXPLANATORY MEMORANDUM

The *Development Fund (Amendment) Bill 2021* is a Bill for the *Development Fund (Amendment) Act 2021*.

This memorandum provides an explanation of the Bill and is only intended to indicate the general effect.

EXPLANATION OF CLAUSES

Clause 1 provides that, once enacted, the short title of the Bill will be the *Development Fund (Amendment) Act 2021*.

Clause 2 sets out when the Bill's provisions will commence which is upon certification by the Speaker.

Clause 3 is the enabling provision for the amendment of the *Development Fund Act 2011*.

Clause 4 amends Section 3 of the Act. This amendment removes terms which will no longer be referenced in the Act and their definitions. This is a consequential amendment as a result of the amendment to Section 8.

This Clause also inserts new terms and their definitions which are '*financial year*' and '*mid-financial year report*'. A financial year is the corresponding year for the *Appropriation Act* which starts from 1st July until 30th June for a period of 12 months. The mid-financial year is for 6 months which commences from 1st July and ends on 31st December of that financial year.

Clause 5 amends Section 7 of the Act. This amendment is consequential to the amendment to Section 8 of the Act which now does not require reporting of deviations from annual projections in mid-year reports. This will now only be required to be reported in the annual report.

Clause 6 amends Section 8 of the Act. Section 8 currently requires the Minister to table in Parliament at the end of the first, second and third quarters of each financial year, a quarterly report of the income and expenditure of the Fund for the year. The Minister is also required to submit an annual report at the end of the year. This reporting requirement is cumbersome as there is not sufficient matters to report in certain projects. There is nothing stopping the Minister from reporting to Parliament if and when necessary. The Act provides for mandatory statutory reporting.

The amendment reduces the number of reports to twice a year. The first report will be a mid-financial year report which will cover the period from 1st July to 31st December. The second report will be the annual report covering the entire financial year.

The mid financial year report will not show any reportable deviations. This is because the project cost and financial projections are normally done at the end of the financial year and it is more appropriate that this is only reported in the annual report.