

DEVELOPMENT FUNDS ACT 1966

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LAWS OF MALAYSIA**Act 406****DEVELOPMENT FUNDS ACT 1966**

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LAWS OF MALAYSIA**Act 406****DEVELOPMENT FUNDS ACT 1966**

An Act relating to the Development Fund of the Federation and to make provision relating to financial procedure with respect to the Development Funds of the States.

[1 January 1967]

BE IT ENACTED by the Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

PART I**PRELIMINARY****Short title and application**

1. (1) This Act may be cited as the Development Funds Act 1966.
- (2) This Act shall apply throughout Malaysia.

Interpretation

1A. In this Act, unless the context otherwise requires—

“Menteri Besar or Chief Minister” shall have the meaning assigned thereto in the Financial Procedure Act 1957 [*Act 61*];

“Minister” means the Minister of Finance;

“Yang di-Pertua Negeri” means the Head of State, by whatever style known, in a State not having a Ruler.

PART II

FEDERAL DEVELOPMENT FUND

Moneys required to be paid into the Fund

2. There shall be paid into the Development Fund specified in the Second Schedule to the Financial Procedure Act 1957 (hereinafter referred to as “the Fund”)—

- (a) moneys from time to time appropriated to and authorized to be paid into the Fund by this Act or by any other Federal law for any one or more of the purposes of the Fund;
- (b) sums representing the proceeds of any loan raised by the Federal Government for any one or more of the purposes of the Fund and appropriated to such purposes by the written law authorizing the raising of the loan;
- (c) where under section 4 any expenditure out of the Fund shall have been authorized to be made by way of loan, sums representing the repayment of the principal of any such loan;
- (d) moneys received from the sale or realization of any asset paid for out of the Fund; and
- (e) other moneys received by the Federal Government for any one or more of the purposes of the Fund.

Application of moneys in the Fund

3. The moneys in the Fund shall be applied only to the purposes or any one or more thereof specified in the First Schedule and in accordance with such resolutions as may from time to time be passed by the Dewan Rakyat under section 4 appropriating and directing the expenditure of such moneys:

Provided that as respects sums paid into the Fund under paragraph 2(b) (being sums representing the proceeds of any loan raised by the Federal Government for the purposes of the Fund as authorized by any written law) and as respects the moneys received by the Federal Government under paragraph 2(e), the appropriation shall only relate to the purposes specifically provided by the said written law or to the specific purposes for which the moneys have been received.

Development estimates

4. (1) The Yang di-Pertuan Agong shall in respect of every financial year cause to be laid before the Dewan Rakyat a statement of—

- (a) the estimated opening balance and total income of the Fund for the year;
- (b) the proposed expenditure, whether direct or by way of loan, to be met out of the Fund in the year;
- (c) the sums necessary to meet each head and subhead of the proposed expenditure;
- (d) the estimated total cost of projects, works and undertakings included under any head or subhead of such proposed expenditure, whether or not such projects, works or undertakings are to be completed in the year.

(2) If in respect of any financial year it is found—

- (a) that the amount appropriated under any head of expenditure is insufficient or that a need has arisen for expenditure for a purpose for which no amount has been appropriated by a resolution of the Dewan Rakyat; or
- (b) that any moneys have been expended for any purpose in excess of the amount, if any, appropriated for that purpose by a resolution aforesaid,

a supplementary statement showing the sums required to be spent and the estimated total cost (or the actual cost) of the project, work or undertaking included under each subhead of expenditure shall be laid before the Dewan Rakyat.

(3) The Dewan Rakyat may by resolution approve all or any part of any expenditure shown in a statement or supplementary statement referred to in subsections (1) and (2), and shall by such resolution appropriate the sums necessary to meet such approved expenditure.

(4) The Yang di-Pertuan Agong shall cause to be laid before the Dewan Negara a statement of any expenditure approved by the Dewan Rakyat under subsection (3).

(5) The Yang di-Pertuan Agong may, in respect of any financial year, cause to be laid before the Dewan Rakyat a provisional statement showing the sums necessary to meet urgent expenditure until the statement referred to in subsection (1) is laid before the Dewan Rakyat; and it shall be sufficient to indicate in such provisional statement the heads of the proposed expenditure.

(6) Subsections (3) and (4) shall apply to a provisional statement laid before the Dewan Rakyat under subsection (5).

Virement

5. If it appears to the Minister necessary to alter the proportion assigned to the subheads under a head of expenditure shown in a statement of any expenditure approved by the Dewan Rakyat under subsection 4(3), he may by warrant under his hand direct that there shall be applied in aid of any subhead which may be deficient a further sum out of any surplus arising on any other subhead of the same head:

Provided that the amount appropriated under any head of expenditure by a resolution passed under subsection 4(3) is not thereby exceeded:

And provided further that the estimated total cost of any project, work or undertaking to which such subhead relates, as specified in the last preceding statement laid before the Dewan Rakyat pursuant to subsections 4(1) and (2) is not thereby exceeded.

Contingencies Reserve in Development estimates

6. (1) Notwithstanding anything in section 3 there may be included in any such statement as is referred to in subsections 4(1), (2) and (5), provision for a Contingencies Reserve; and references in the said section 4 to expenditure shall include references to such provision as aforesaid.

(2) Moneys appropriated to the Contingencies Reserve shall be applicable, at the direction of the Minister, for making advances for meeting expenditure for a purpose falling within the terms of the First Schedule pending approval of a statement or supplementary statement under section 4.

(3) A schedule of any direction under subsection (2) shall be laid before the Dewan Rakyat at its next meeting.

Lapse of appropriation

7. Every appropriation made under section 4 shall lapse and cease to have any effect at the close of one calendar month following the financial year, and no payment shall be made of the appropriation during that month except in respect of work performed, goods received, services rendered or any other contractual arrangement made prior to the end of that year and properly chargeable to the accounts of that year.

Authority for issue of sums appropriated, etc.

8. The Minister may by warrant under his hand authorize the issue from the Federal Consolidated Fund of sums appropriated under section 4 or directed to be applied in accordance with section 6, and may limit or suspend any expenditure so authorized.

PART III

STATE DEVELOPMENT FUNDS

State Development Fund

9. (1) Part II shall have application in respect of the Development Fund of a State as they have application in respect of the Development Fund specified in the Second Schedule to the Financial Procedure Act 1957, and references in that Part to the Development Fund specified in the said Second Schedule shall be construed accordingly.

(2) In relation to the application of Part II to the Development Fund of a State as aforesaid—

- (a) references in that Part specified in the first column of the Second Schedule shall be construed as references specified in the corresponding second column of the said Schedule;
- (b) the expression “purposes or any one or more thereof specified in the First Schedule” in section 3, shall mean the purposes so specified or any one or more thereof which, as respects that State, are State purposes and includes any other purpose so specified and agreed to by

the Minister but such expression shall not in any case include the purposes of water supplies in a State where a fund for those purposes has been specified by the Legislative Assembly of that State pursuant to paragraph 10(4)(b) of the Financial Procedure Act 1957 [Act 61];

- (c) subsection 4(4) and paragraph 12 specified in the First Schedule shall not apply.

PART IV

GENERAL

Repeal

- 10.** The written laws specified in the Third Schedule are hereby repealed.

Consequential amendment

- 11.** The Third Schedule to the Financial Procedure Act 1957, is hereby amended by adding thereto the following new item:

“Development Fund”.

Saving

- 12.** Nothing in this Act shall be deemed to affect the legality of any payments made or expenditure authorized in respect of any Development Fund before the commencement of this Act.

Validation

- 13.** In relation to any Development Fund (whether or not established by or in accordance with any written law) all acts done, payments made or expenditure authorized or incurred after the commencement but before the passing of this Act, which if done, made, authorized or incurred before the commencement of this Act would have been valid, shall be deemed to have been done, made, authorized or incurred under this Act.
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FIRST SCHEDULE

[Section 3]

PURPOSES TO WHICH THE FEDERAL DEVELOPMENT FUND
MAY BE APPLIED

1. The construction, improvement, extension, enlargement and replacement of buildings and works, and the provision, acquisition, improvement and replacement of other capital assets (including vehicles, vessels, aircraft, rolling stock, machinery, instruments and equipment) required in respect of or in connection with—

- (a) drainage and irrigation;
- (b) public roads, bridges, ferries, railways, aerodromes and airways and other means of communication;
- (c) public offices and other public buildings;
- (d) defence and internal security;
- (e) ports, harbours, light houses, canals and river works, and the navigation of seas and rivers;
- (f) telecommunications and broadcasting;
- (g) the production, distribution and supply of water power, electricity, gas and other forms of power and energy;
- (h) education, libraries, museums, laboratories and scientific research;
- (i) hospitals, clinics, dispensaries, asylums, quarantine stations and other medical and health institutions;
- (j) public health, sanitation, sewerage and water supplies;
- (k) veterinary services and control of agricultural pests;
- (l) housing, including urban renewal and improvement trusts;
- (m) soil conservation;
- (n) the control and prevention of fires and other accidents;
- (o) repair and maintenance of public property;
- (p) printing and printing presses;
- (q) public administration and the provision and maintenance of public services;
- (r) industrial development;
- (s) the rehabilitation of mining land and land affected by soil erosion, and the reclamation of land from seas, rivers and other waters;
- (t) tourist resorts and other tourist development;
- (u) recreational facilities;
- (v) agricultural marketing;
- (w) family planning.

2. The development, improvement, conservation and exploitation of agriculture, fisheries, forests, and minerals and other natural resources in Malaysia, and the provision, acquisition, improvement and replacement of capital assets required in respect thereof or in connection therewith.
3. The acquisition of land and of any right or interest in or over land and in respect of the use of any invention.
4. The carrying on of any survey, research, or investigation preparatory to the undertaking of any such purpose as is referred to in paragraphs 1 and 2 of this Schedule or to the formation of any plan or scheme for the development, improvement, conservation or exploitation of the resources in Malaysia or in any part thereof.
5. The payment of the personal emoluments in respect of any public offices specified under paragraph 15(2)(b) of the Financial Procedure Act 1957 and any charges or expenses incidental to or arising from the carrying out of any of the purposes referred to in paragraphs 1, 2, 3 and 4 of this Schedule.
6. Grants and loans to any Government in Malaysia and grants and loans to or investment in public and statutory authorities and any other body or any person for any one or more of the purposes referred to in paragraphs 1, 2, 3, 4 and 5 of this Schedule.
7. The payment of any sum subscribed by the Government pursuant to section 6 of the *Central Bank of Malaysia Ordinance 1958 [*Ord. 61 of 1958*], in respect of the authorized capital of the Central Bank of Malaysia.
8. The payment of any sum subscribed by the Government as equity investment in the authorized capital of Bank Bumiputra licensed under the Banking and Financial Institutions Act 1989 [*Act 372*].
9. The payment of any sum subscribed by the Government as investment in the authorized capital of the Malayawata Steel Limited registered under the Companies Act 1965 [*Act 125*].
10. The payment of any sum subscribed by the Government for any investment authorized by a resolution of the Dewan Rakyat under subparagraph 8(3)(a)(iv) of the Financial Procedure Act 1957.
11. Any grant or transfer of moneys to the Housing Loans Fund specified in the Second Schedule to the Financial Procedure Act 1957 and for the purpose of that fund as specified in section 5 of the Housing Loans Fund Act 1971 [*Act 42*], subject to such terms and conditions as the Minister may impose.
12. Grants or loans, subject to such terms and conditions as the Minister may impose, to any company (established for the promotion of the economic development of any community) registered under the Companies Act 1965 and specified by resolution of the Dewan Rakyat.

*NOTE—The Central Bank of Malaysia Ordinance 1958 [*Ord. 61 of 1958*] has since been revised by the Central Bank of Malaysia Act 1958 [*Act 519*].

13. (1) Grants or loans to, or investments in, Pengurusan Danaharta Nasional Berhad, or any other body corporate controlled by the Government of Malaysia, if such grants, loans or investments are for the purpose of supporting or maintaining the continuous development of the banking and financial system of Malaysia or any part thereof or for any related purposes.

(2) For the purpose of subparagraph (1), a body corporate is controlled by the Government of Malaysia if 51 per cent or more of the issued share capital of the body corporate is owned by the Government of Malaysia and held on behalf of the Government of Malaysia by the Corporation incorporated under the Minister of Finance (Incorporation) Act 1957 [*Act 375*].

SECOND SCHEDULE

[Paragraph 9(2)(a)]

References in Part II Construction in relation to the application of
Part II to the Development Funds of the
States

1. Federal State
2. Dewan Rakyat Legislative Assembly
3. Yang di-Pertuan Agong Ruler or Yang di-Pertua Negeri of a
State, as the case may be
4. Minister Menteri Besar or Chief Minister of a
State and, in the case of Sabah, the
Minister charged with responsibility
for finance in that State

 THIRD SCHEDULE

[Section 10]

WRITTEN LAWS

- F of M. No. 18 of 1958 Development Fund Ordinance 1958
- F of M. No. 33 of 1962 Development Fund Act 1962
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LAWS OF MALAYSIA

Act 406

DEVELOPMENT FUNDS ACT 1966

LIST OF AMENDMENTS

Amending law	Short title	In force from
Act A23	Development Funds (Amendment) Act 1969	28-03-1969
Act A259	Financial Procedure and Development Funds (Amendment) Act 1974	16-08-1974
Act A277	Financial Procedure and Development Funds (Amendment) Act 1975	31-01-1975
Act A398	Financial Procedure (Amendment) Act 1977	10-06-1977
Act A453	Development Funds and Housing Loans Fund (Amendment) Act 1979	01-01-1978
Act A476	Development Funds (Amendment) Act 1980	01-12-1977
Act A506	Development Funds (Amendment) Act 1981	28-03-1969
P.U. (A) 349/1992	Revision of Laws (Rectification of Development Funds Act) Order 1992	14-12-1989
Act A1038	Development Funds (Amendment) Act 1998	10-07-1998

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LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
7	Act A259	16-06-1974
	Act A277	31-01-1975
9	Act A476	01-12-1977
	Act A506	28-03-1969
First Schedule	Act A23	28-03-1969
	Act A398	10-06-1977
	Act A453	01-01-1978
	Act A476	01-12-1977
	Act A506	28-03-1969
	Act A1038	10-07-1998

