

# BILL NO. 24 OF 2021

## A BILL

FOR AN ACT TO AMEND THE RESERVE BANK OF FIJI ACT 1983

ENACTED by the Parliament of the Republic of Fiji—

*Short title and commencement*

**1.**—(1) This Act may be cited as the Reserve Bank of Fiji (Budget Amendment) Act 2021.

(2) This Act comes into force on 1 August 2021.

*Section 38 amended*

**2.** Section 38(*d*) of the Reserve Bank of Fiji Act 1983 is amended by deleting “183 days” and substituting “5 years”.

July 2021

## **RESERVE BANK OF FIJI (BUDGET AMENDMENT) BILL 2021**

### **EXPLANATORY NOTE**

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

#### **1.0 BACKGROUND**

- 1.1 Section 38(d) of the Reserve Bank of Fiji Act 1983 (**‘Act’**) limits the Reserve Bank of Fiji’s advances of funds to its account holders (i.e. commercial banks and the Fiji Development Bank) to periods not exceeding 183 days, which is approximately 6 months.
- 1.2 To support the economy, the Reserve Bank of Fiji operates a number of concessional funding facilities such as the Import Substitution and Export Finance Facility, the Disaster Rehabilitation and Containment Facility (**‘DRCF’**) and the Housing Facility for first home buyers. Funds are provided for an initial term of 6 months and rolled over for periods of up to 5 years.
- 1.3 The restriction on advances for a period of 183 days creates uncertainty on credit accessibility and banks and other credit institutions may find it risky and administratively cumbersome to access funds under this arrangement. The restrictive loan term defeats the primary purpose of providing special incentives to the targeted sectors.
- 1.4 Given the expansion of the DRCF to cover lending to micro, small and medium enterprises and to encourage more uptake on the scheme, extending the maturity of these loans over the 6-month limit up to 5 years will help businesses stabilise and recover before making arrangements for repayment in the future.
- 1.5 The Reserve Bank of Fiji (Budget Amendment) Bill 2021 (**‘Bill’**) seeks to amend the Act to extend the period for advances from 183 days to 5 years.

#### **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 2021.

2.2 Clause 2 of the Bill amends section 38(*d*) of the Act to extend the period for advances from 183 days to 5 years.

**3.0 MINISTERIAL RESPONSIBILITY**

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

A. SAYED-KHAIYUM  
Attorney-General