

CHAPTER 125

THE PRODUCTION DEVELOPMENT FUNDS ACT

[PRINCIPAL LEGISLATION]

ARRANGEMENT OF SECTIONS

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SCHEDULE

CHAPTER 125

THE PRODUCTION DEVELOPMENT FUNDS ACT

An Act to provide for the establishment of production development funds and the management of the funds.

[1st July, 1974]

[s. 1]

Acts Nos.	25 of 1980	GNs. Nos.	27 of 1976
21 of 1974	16 of 1983	40 of 1975	5 of 1983
9 of 1977		53 of 1975	213 of 1991

Short title **1.** This Act may be cited as the Production Development Funds Act.

Interpretation **2.** In this Act, unless the context otherwise requires-
Cap. 348 “financial year” shall have the same meaning as ascribed to it under the Public Finance Act;
“Fund” means a Production Development Fund established by or under this Act;
“Minister” means the Minister responsible for finance;
“parastatal organisation” means-

Cap. 212 (a) a body corporate established by or under any Act other than the Companies Act;

Cap. 244 (b) a trade union registered under the Trade Unions Act;

Cap. 212 (c) a company registered under the Companies Act not less than fifty per centum of the issued share capital of which is owned by the Government or a parastatal organisation or, where the company is limited by guarantee, a company in respect of which the amount that the Government or the parastatal organisation which is a member of that company has undertaken to contribute in the event of the company being wound up is not less than fifty *per centum* of the aggregate amount which the members have undertaken to contribute; and references in this paragraph to a parastatal organisation include references to any company.

Establishment of funds

3.-(1) There are hereby established production development funds specified in the first column of the Schedule for purposes specified opposite thereto in the second column of the Schedule.

(2) A Fund shall be managed by the parastatal organisation specified in relation thereto in the third column of the Schedule.

(3) The Minister may by order in the *Gazette*, amend the Schedule so as to establish production development funds in addition to those specified by or under this Act or amend any of the particulars in any of the columns in the Schedule:

Provided that-

(a) a Fund shall not be established under this subsection-

(i) unless in the opinion of the Minister, the establishment of the fund shall significantly contribute to enhancement of the productive capacity of the United Republic;

(ii) for any purpose other than-

(aa) the financing, whether by way of loan or equity of fixed investment by a parastatal organisation engaged in the production of goods or services;

(bb) the financing, whether by way of loan or grant of research by or for the benefit of parastatal organisations or other institutions engaged in the production of goods or services;

(cc) the financing, whether by way of loan or grant of the training of citizens of the United Republic by or for the benefit of parastatal organisations or other institutions engaged in the production of goods or services, including the provision of buildings, equipment and ancillary facilities reasonably necessary for the carrying out of the training programme;

(b) a person other than a parastatal organisation shall not be charged with the management of any Fund established;

(c) An order made under this subsection shall be submitted for approval, to be signified by resolution of

the National Assembly within four weeks of the order being made or, where the National Assembly is not meeting or does not meet within the period, at its next meeting and unless the order is approved, that order shall expire and any fund established pursuant thereto shall be wound up;

- (d) the provisions of paragraph (c) of this proviso shall take effect subject to the proviso to section 5.

Sources of funds
Act No.
16 of 1983 s. 28

4. The sources of funds shall be-

- (a) sums as may be provided for the Fund by Parliament, either by way of grant or loan;
- (b) allocation of public revenue raised by taxation or otherwise as may be specified in relation to the Fund in the fourth column of the Schedule;
- (c) sums as may in any manner become payable to the Fund as a result of operations of the Fund or sums which may be released by the Treasury Registrar from the allocation of public revenue specified in relation to the Fund in the fourth column of the Schedule and deposited in the Fund account required to be opened for the purpose of the Fund under section 5(1).

Management of
funds

5.-(1) The parastatal organisation charged with the management of funds shall maintain the funds in a separately designated bank account with the National Bank of Commerce and manage the same in accordance with directions as the Minister may issue:

Provided that, the parastatal organisation shall make no payment out of the Fund except with the consent in writing of the Treasury Registrar in accordance with the agreed annual expenditure programme.

(2) Where any payment out of the Fund is made for the purchase of any equity investment, the equity investment shall be held by-

- (a) the parastatal organisation charged with the management of the funds;

- (b) any other parastatal organisation; or
- (c) the Treasury Registrar, as the Treasury Registrar may direct, and any parastatal organisation holding any equity investment shall, at any time, on the direction of the Treasury Registrar, transfer the equity to any other parastatal organization specified by the Treasury Registrar or to the Treasury Registrar.

(3) The Minister may, by regulations, regulate the administration of the funds.

(4) A person who makes or authorises any payment out of the Fund in contravention of any provision of this Act or any direction given or regulation made under this section commits an offence and on conviction, shall be liable to a fine not exceeding fifty thousand shillings or to imprisonment for a term not exceeding five years or to both.

Accounts and
audit

6.—(1) The parastatal organisation charged with the management of funds shall cause to be prepared and kept proper books of account of the payments made into and out of the Fund.

(2) The accounts in relation to the Fund shall be audited annually by the office of the Controller and Auditor-General and the audited accounts of Fund shall be published at the same time as the audited accounts of the parastatal organisation charged with the administration of the Fund are published.

Power of Minister
to reallocate
moneys in funds
Act No.
9 of 1977 s. 20

7.—(1) Where the Minister is satisfied that, at the close of any financial year, there are in any fund moneys which are not immediately required for the purposes of the fund (which moneys shall in this section be referred to as a “surplus”), he may, where in his opinion financial exigencies or the public interest require, and notwithstanding any provision to the contrary contained in this Act or in any other written law, authorise the application of the whole or any part of the surplus for or towards defraying the development expenditure of any Ministry or Department of the Government in any financial year.

(2) An authorisation for the application of any surplus made under this section shall be sufficient authority, without further appropriation, to issue from the fund, the sum required for the purpose specified by the Minister.

(3) Where the Minister authorises the application of any surplus under this section, he shall cause to be laid before the National Assembly a statement concerning the authorisation:

[s. 6A]

Act to apply
notwithstanding
any other written
law

8. The provision of this Act shall apply and take effect notwithstanding the provisions of the Exchequer and Audit Act and any other written law and any allocation of any public revenue to any fund provided for in the fourth column of the Schedule to this Act shall be made without further appropriation.

[s. 7]

SCHEDULE

(Made under section 3)

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
<i>Production Development Fund</i>	<i>Purposes for which Fund established</i>	<i>Parastatal organisation responsible for management</i>	<i>Financial Resources</i>	
1. Sugar and Sugar Products Fund	(a) financing by way of loan or equity, of fixed investment by parastatal organisations engaged in the production of sugar products;	The Sugar Development Corporation established by the Sugar Development Corporation (Establishment) Order.	(a) Sales tax levied on sugar to the extent of 30 cts per kilo; (b) the balance of the Sugar Development Fund held by the Sugar Board, which balance shall be transferred to the Sugar Development Corporation for the payment into the Sugar Products Fund.	GNs. Nos. 44 of 1974; 40 of 1975; 53 of 1975; 148 of 1975; 27 of 1976; 5 of 1983; 213 of 1991
	(b) financing by way of loan or grant, Sugar research by or for the benefit of organisation engaged in the production of sugar or sugar Products;			
	(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of sugar or sugar products.			

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
2. Sisal Products Fund	(a) financing by way of loan or equity, of fixed investments by parastatal organisations engaged in the production of sisal products; (b) financing by way of loan or grant, research by or for the benefit of organisations engaged in the production of sisal products; (c) financing by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of sisal products.	Tanzania Sisal Authority established by the Sisal Industry Act	One-half of the Export Tax levied on sisal: Provided that the amount paid into the Sisal Products Fund shall not exceed Shs. 40,000,000/= in financial year.	
3. Textile and Garments Fund	(a) financing by way of loan or equity of fixed investment parastatal organisations engaged in the production of textiles, textile products and garments;	The National Textile Corporation established by the National Textile Corporations (Establishment) Order	(a) One half of the export tax levied on cotton; (b) One tenth of the sale tax levied on locally manufactured articles falling within tariff numbers 51/53/55/56/57/58 and 60-01	GN. No. 268 of 1973
	(b) financing by way of loan or grant, research by or for the benefit of organisations engaged in the production of textiles, textile products and garments;			

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
	(c) financing by way of loan or grant training of citizens of United Republic by or for the benefit of organisations engaged in the production of textiles, textile products and garments.			
4. Beverages Fund	(a) financing by way of loan or equity of fixed investments by parastatal organizations engaged in the production of beverages including soft and alcoholic beverages;	Tanzania Beverages Limited established under the Companies Act of the Laws of Tanzania	(a) sales tax levied on beer to the extent of 20 cts per litre; (b) sales tax levied on soft drinks to the extent of 20 cts per litre; (c) sales tax levied on Konyagi to the extent of Shs.5/=per litre	GN. No. 5 of 1983 Cap. 212
	(b) financing by way of loan or grant, research by or for the benefit of organisation engaged in the production of beverages including soft and alcoholic beverages;			
	(c) financing by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisation engaged in the production of beverages including soft alcoholic beverages.			

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
5. Cashew Industry Fund	(a) financing by way of loan or equity of fixed investments by parastatal organization engaged in the production, processing and marketing of cashew nut;	The Cashew nut Authority of Tanzania established by the Cashewnut Board of Tanzania Act	One-half of the export tax on cashew nuts	
	(b) financing by way of loan or grant, research by or for the benefit of organisations engaged in the production, processing and marketing of cashew nut;			
	(c) financing by way of loan or grant, training of citizens of United Republic by or for the benefit of organisations engaged in the production, processing and marketing of cashew nut.			
6. Leather and Leather Products Fund	(a) financing by way of loan or equity of fixed investments by parastatal organisations engaged in the production of leather or leather products;	The National Development Corporation	The whole of the production tax on hides, skins and leather levied under the Hides, Skin and Leather Trade Act	Cap. 120
	(b) financing by way of loan or grant, research by or for the benefit of organisations engaged in the production of leather or leather products;			

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
	(c) financing by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of leather or leather products.			
7. Tourism Fund	financing by way of loan or equity, of fixed investments by parastatal organisations engaged in the promotion of tourism in the United Republic	The Tanzania Tourist Corporation established by the Tanzania Tourist Corporation (Establishment) Order	The whole of the hotel levy collected under Tourism Act	GN. No. 91 of 1969 Cap. 65
8. Commercial Accountants and Auditors Training Fund	Financing, by way of loan or equity, training of citizens of the United Republic as accountants and auditors having regard to the requirements of the parastatal sector.	The National Board of Accountants and Auditors established by the Accountants and Auditors (Registration) Act.	One-fifth of the business licence fees collected under the Business Activities Registration Act.	Cap. 286 Cap. 208
9. Transport and Vehicle Operation and Maintenance Training Fund	financing by way of loan or grant, training of citizens of the United Republic as-	The National Transport Corporation	One-half of the transport licensing fees levied under the Transport Licensing Act.	GN. No. 27 of 1976 Cap. 317
	(a) motor-vehicle operators;			
	(b) motor-vehicle maintenance and repair personnel;			
	(c) store-keepers, stock clerks and purchasing officers in the motor vehicle industry.			

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
10. Rural productivity Fund Cap. 83	financing by way of loan or grant, of training of citizens of the United Republic in bookkeeping accounting, financial management, husbandry, farm management, construction, public health and other skills relevant to the raising of rural productivity with special reference to the needs of <i>Ujamaa village</i> .	The Governing Body of the Cooperative College established by the Co-operative College Act.	(a) One-twentieth of the export tax levied on coffee; (b) One-half of the tobacco tax levied under the Tobacco (Imposition of Tax) Act.	Acts Nos. 25 of 1980 s. 14
11. Transfer Tax Investment and Management Fund	Financing, by way of loan or equity, small scale industrial investments to increase the country's productive capacity and self sufficiency.	The Tanzania Investment Bank established by the Tanzania Investment Bank Act	The whole of transfer tax collected by the East African Customs and Excise Department under the Transfer Tax Act.	Cap. 81 Act No. 44 of 1967
12. Coffee Industry Fund	(a) financing by way of loan or equity, of fixed investments by parastatal organisations engaged in the production processing or marketing of coffee and coffee products	The Coffee Authority of Tanzania	One-tenth of the export tax levied on coffee.	Act No. 25 of 1980 s. 14
	(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production, processing or marketing of coffee and coffee products;			

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	
	(c) financing by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production, processing or marketing of coffee or coffee productions.			
13. Housing Fund	financing by way of loan or equity, to organisations or individuals for the construction of residential houses.	The Treasury	Four percent of payroll levy.	GN. No. 213 of 1991
14. Roads Fund	financing by way of loan or equity, for the construction, maintenance and repair of roads.	The Treasury	Five shillings and fifty cents per litre of petrol or diesel payable under the Road and Fuel Tolls Act.	Cap. 220

