

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Banking.

GENERAL ANNOTATION.

ADMINISTRATION.

The administration of this Chapter was vested in the Minister for Finance at the date of its preparation for inclusion.

The present administration may be ascertained by reference to the most recent Determination of Titles and Responsibilities of Ministers made under Section 148(1) of the Constitution.

References in or in relation to this Chapter to—

“the Departmental Head”—should be read as references to the Secretary for Finance;

“the Department”—should be read as references to the Department of Finance.

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INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Banking Act.

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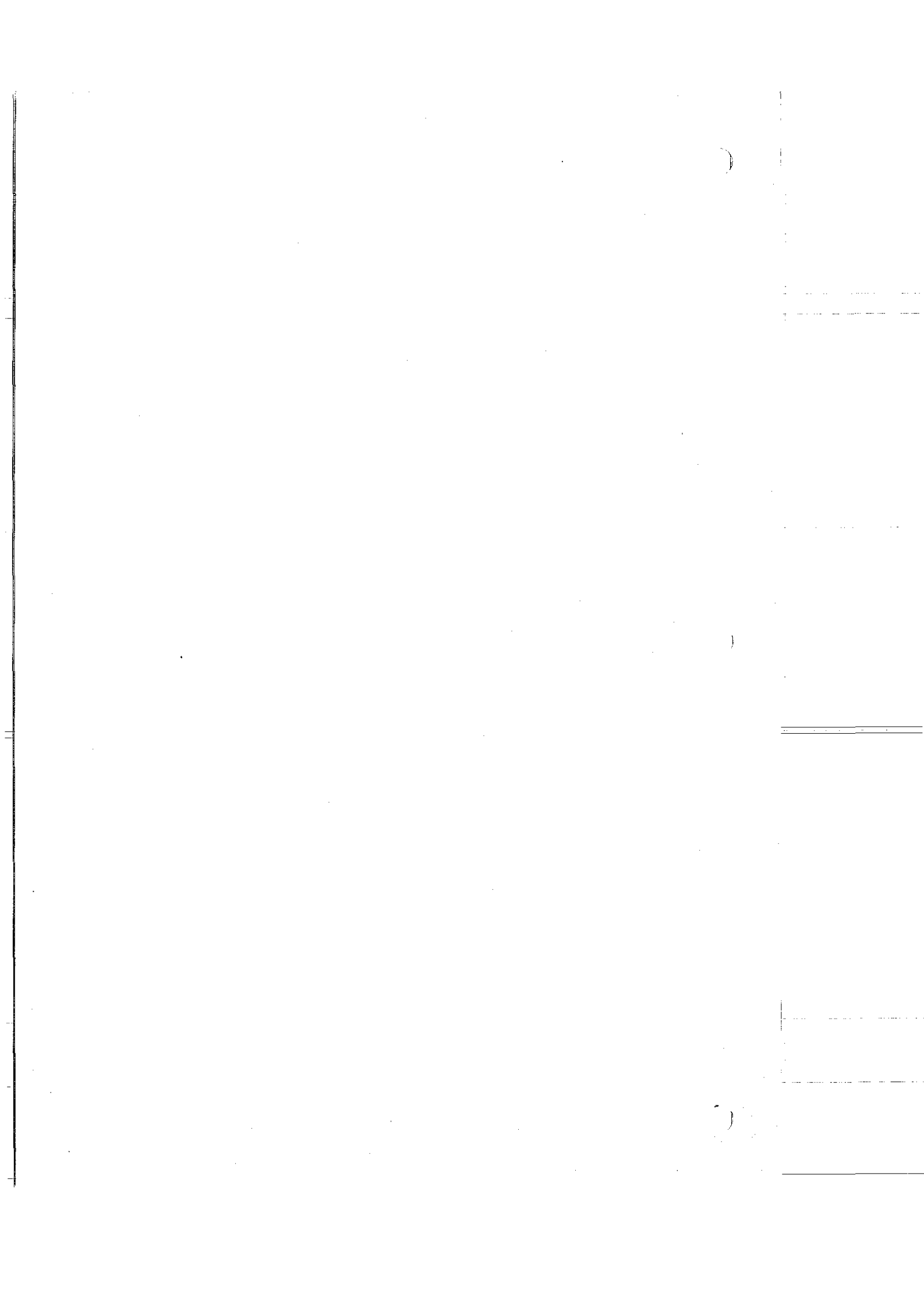
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INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Banking Act.

Being an Act—

- (a) to establish the Bank of Papua New Guinea as the national bank, and to define its powers and functions; and
- (b) to provide for Papua New Guinea currency; and
- (c) to provide for the regulation of banking and credit; and
- (d) to make provision in respect of foreign exchange and international reserves, and for related purposes.

PART I.—PRELIMINARY.

1. Interpretation.

- (1) In this Act, unless the contrary intention appears—

“bank” means, subject to Subsection (2), a corporation licensed as a bank under the *Banks and Financial Institutions Act*;

“banking business” means the business of receiving funds—

- (a) through the acceptance of money deposits payable—

- (i) on demand; or

- (ii) after a fixed period of time; or

- (iii) after notice; or

- (b) by any similar operation through the sale or placement of bonds, certificates, notes or other securities, and the use of the funds wholly or partly for—

- (c) advances or investments; or

- (d) any other operation authorized by law or customary banking practices, for the account and at the risk of the person doing the business;

“the Board” means the Bank of Papua New Guinea Board established by Section 7;

“the Deputy Governor” means the Deputy Governor of the Central Bank appointed under Section 15;

“financial institution” means, subject to Subsection (2), a corporation licensed as a financial institution under the *Banks and Financial Institutions Act*;

“the Governor” means the Governor of the Central Bank appointed under Section 15;

“monetary unit” means the monetary unit established in accordance with Section 44; (*Added by No. 1 of 1977, s. 1.*)

“Papua New Guinea currency” means any currency that is legal tender in Papua New Guinea;

“the regulations” means any regulations made under this Act;

“this Act” includes the regulations.

(2) For the purposes of this Act, where a bank or financial institution has more than one office or branch in the country doing banking business all of those offices and branches are a single bank or institution.

PART II.—THE BANK OF PAPUA NEW GUINEA.

Division 1.—Establishment, etc.

2. Establishment of the Central Bank.

A body by the name of the Bank of Papua New Guinea is hereby established.

3. Incorporation of the Central Bank.

(1) The Central Bank—

- (a) is a corporation, with perpetual succession; and
- (b) shall have a seal; and
- (c) may acquire, hold and dispose of property; and
- (d) may sue or be sued in its corporate name.

(2) All courts, Judges and persons acting judicially shall take judicial notice of the seal of the Central Bank affixed to a document, and shall presume that it was duly affixed.

4. Objects of the Central Bank.

(1) The principal object of the Central Bank is to act as a central bank for Papua New Guinea.

(2) Except as provided by this Act or any other law, the Central Bank is limited to central banking business, and shall not undertake banking business for the public generally.

(3) Within the context of the general framework of the policy objectives of the Government, the Central Bank shall, within the limits of its powers—

- (a) ensure that its monetary and banking policy is directed to the greatest advantage of the people of Papua New Guinea; and
- (b) direct its efforts to promoting monetary stability and a sound and efficient financial structure.

5. Functions of the Central Bank.

Subject to this Act, the Central Bank may—

- (a) issue currency in accordance with Part IV; and
- (b) in accordance with Division II.3, act as banker and financial agent to the Government; and
- (c) in accordance with this Act and the *Banks and Financial Institutions Act*, regulate banking and credit; and
- (d) in accordance with Part V., manage the gold, foreign exchange and international reserves of Papua New Guinea; and
- (e) perform any function conferred on it by or under any international agreement to which Papua New Guinea is a party; and
- (f) perform any other function conferred on it by or under any other law.

6. Powers of the Central Bank.

(1) The Central Bank has power to do, in Papua New Guinea or elsewhere, all things necessary or convenient to be done for or in connexion with the achievement of its objects and the performance of its functions.

(2) Without limiting the generality of Subsection (1), the power of the Central Bank under that subsection includes power—

- (a) to receive money on deposit; and
- (b) to borrow and lend money; and
- (c) to buy, sell, discount and rediscount bills of exchange, promissory notes and Treasury Bills; and
- (d) to buy and sell Government securities and other securities; and
- (e) to buy, sell and otherwise deal in foreign exchange and gold and other precious metals; and
- (f) to establish credits and give guarantees; and
- (g) to issue bills and drafts and effect transfers of money; and
- (h) to underwrite loans; and
- (i) with the approval of the Minister, to buy, hold and sell shares in any enterprise, participation in which promotes the objects of the Bank or is generally in the interest of the national economy; and
- (j) to do anything incidental to any of its powers.

7. The Bank of Papua New Guinea Board.

- (1) A Bank of Papua New Guinea Board is hereby established.
- (2) The Board shall be constituted as provided by Division 2.

8. Policies of the Central Bank.

(1) Subject to this Act, the Board is responsible for determining the policies of the Central Bank.

(2) After consultation with the Board, the Minister may issue to the Central Bank written directions to give effect to the policies of the Government and, subject to the succeeding provisions of this section, the Bank shall ensure that effect is given to any such direction while it remains in force.

(3) The Board shall—

- (a) from time to time inform the Minister of the monetary and banking policies of the Central Bank; and
- (b) furnish to the Minister such information in relation to the exercise and performance of the powers and functions of the Bank as he requires.

(4) In the event of a difference of opinion as to a matter of policy, the Minister and the Board shall endeavour to reach agreement.

(5) If the Minister and the Board are unable to reach agreement, the Board shall immediately furnish to the Minister a statement in relation to the matter in respect of which the difference of opinion has arisen.

(6) The Head of State, acting on advice, may then, by order, determine the policy to be adopted by the Central Bank.

(7) The Minister shall inform the Board of the policy determined under Subsection (6), and shall at the same time inform the Board that the Government—

- (a) accepts responsibility for the adoption by the Central Bank of that policy; and
- (b) will take such action (if any) within its powers as the Government thinks necessary by reason of the adoption of that policy.

(8) The Board shall ensure that effect is given to the policy while the order remains in force.

(9) Within 15 sitting days of the Parliament after the Board has been informed of the policy determined under Subsection (6), the Minister shall cause to be laid before the Parliament—

- (a) a copy of the order determining the policy; and
- (b) a statement by the Government in relation to the matter in respect of which the difference of opinion arose; and
- (c) a copy of the statement furnished to the Minister by the Board under Subsection (5).

9. Special reports on adverse conditions.

Where in the opinion of the Board conditions exist that—

- (a) threaten or may threaten the monetary stability of Papua New Guinea; or
- (b) may be likely to affect adversely the achievement of the financial and economic policies of the Government,

the Board shall report to the Minister on the matter.

10. Liaison between the Central Bank and the Department of Finance.

The Governor and the Departmental Head shall—

- (a) establish a close liaison with each other; and
- (b) keep each other fully informed on all matters that concern the Central Bank and the Department jointly.

Division 2.—The Board.

11. Constitution of the Board.

(1) Subject to Section 12, the Board shall consist of—

- (a) the Governor; and
- (b) the Deputy Governor; and
- (c) the Departmental Head; and
- (d) not less than six or more than eight persons appointed by the Head of State, acting on advice, by notice in the National Gazette.

(2) Subject to Subsection (3), a member appointed under Subsection (1)(d) holds office, subject to this Division, for a period of three years, and is eligible for re-appointment.

(3) In the event of a member appointed under Subsection (1)(d) ceasing to hold office before the expiration of the period of his appointment and the appointment in his place of another person, the period of that appointment is the remainder of the period of the appointment of the member ceasing to hold office.

12. Alternate of Departmental Head.

The Departmental Head may, by instrument, appoint a person to be an alternate member of the Board, to attend any meeting at which he is unable to be present, and in relation to any meeting that he attends as alternate the person appointed has all the powers, functions, duties and responsibilities of a member.

13. Remuneration of members.

A member of the Board appointed under Section 11(1)(d) shall be paid by the Central Bank such remuneration (if any) as the Minister¹ determines.

14. Oath and affirmation of office and declaration of secrecy.

(1) Before entering on the duties of his office, a member of the Board (other than the Departmental Head but including his alternate) shall take an oath or make an affirmation in the form in Schedule 1 and make a declaration of secrecy in the form in Schedule 2.

(2) The oath or affirmation shall be taken or made, and the declaration shall be made, before the Minister or a person appointed by the Minister for the purpose.

15. Governor and Deputy Governor.

(1) There shall be a Governor and a Deputy Governor of the Central Bank who—

- (a) shall be appointed by the Head of State, acting on advice, by notice in the National Gazette; and
- (b) shall be appointed for such period, not exceeding five years, as the Head of State, acting on advice, determines; and
- (c) subject to this Act, hold office on such terms and conditions as the Head of State, acting on advice, determines; and
- (d) are eligible for re-appointment.

(2) The remuneration of a Governor or Deputy Governor shall not be diminished during his term of office.

(3) The Central Bank may make available to the Governor or the Deputy Governor such housing or other accommodation, and on such terms and conditions, as it thinks proper.

(4) The Governor and Deputy Governor—

- (a) shall devote the whole of their professional time to the service of the Central Bank; and
- (b) shall not—
 - (i) occupy or hold any other paid office or employment; or
 - (ii) engage in the practice of any profession or business,without the written consent of the Minister.

(5) The Governor shall manage the Central Bank and direct its affairs and, in relation to the management of the Bank and the direction of its affairs, shall act in accordance with any policies determined by the Board.

(6) The Deputy Governor shall perform such duties as the Governor directs, and in the event of a vacancy in the office of the Governor the Deputy Governor shall perform the

¹ As at the effective date, the reference was to the Prime Minister.

duties of the Governor and has and may exercise and perform all the powers and functions of the Governor.

16. Vacation of office, etc.

(1) A person who is—

- (a) a member of the Parliament; or
- (b) a director, officer or employee of a corporation engaged in banking business in respect of which the Central Bank may exercise a regulatory power under this Act and the *Banks and Financial Institutions Act*; or
- (c) an officer or employee of the Public Service or of a public authority,

is not qualified to be the Governor, the Deputy Governor or a member of the Board referred to in Section 11(1)(d).

(2) If the Governor or the Deputy Governor—

- (a) becomes permanently incapable of performing his duties; or
- (b) without the consent of the Minister, occupies or holds any paid office or employment or engages in the practice of any profession or business; or
- (c) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his salary for their benefit; or
- (d) resigns his office by writing under his hand addressed to the Minister; or
- (e) becomes a person referred to in Subsection (1),

the Head of State, acting on advice, shall terminate his appointment.

(3) If a member of the Board referred to in Section 11(1)(d)—

- (a) becomes permanently incapable of performing his duties; or
- (b) becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his creditors or makes an assignment of his remuneration for their benefit; or
- (c) resigns his office by writing under his hand addressed to the Minister; or
- (d) is absent, except on leave granted by the Minister, from two consecutive meetings of the Board or from two meetings of the Board held during four consecutive months; or
- (e) fails to comply with his obligation under Section 18; or
- (f) becomes a person referred to in Subsection (1),

the Head of State, acting on advice, shall terminate his appointment.

(4) If, in the opinion of the Minister after receiving a recommendation from the Board, the Governor, the Deputy Governor or a member of the Board appointed under Section 11(1)(d) is—

- (a) incapable of performing his duties; or
- (b) guilty of conduct prejudicial to the performance of the duties of his office,

the Head of State, acting on advice, may remove him from office.

17. Meetings of the Board.

(1) The Board shall meet as often as the business of the Central Bank requires at such times and places as the Board determines or as the Governor, or in his absence the Deputy Governor, directs, but in any event not less frequently than once in every two months.

(2) On receipt of a request of two or more members of the Board, the Governor, or in his absence the Deputy Governor, shall convene a meeting of the Board.

(3) At a meeting of the Board—

(a) six members, of whom one is the Governor or the Deputy Governor, are a quorum; and

(b) the Governor, or in his absence the Deputy Governor, shall preside; and

(c) all matters shall be decided by a majority of votes of the members present and voting; and

(d) the person presiding has a deliberative and, in the event of an equality of votes on a matter, also a casting vote.

(4) The Governor (or in his absence the Deputy Governor), or the Departmental Head (or in his absence his alternate), may require that a decision on any matter arising at a meeting of the Board be postponed to a meeting to be held not less than seven days after the meeting to which the requirement relates, and the question stands postponed accordingly unless the person making the requirement consents to it being decided earlier.

(5) The Board shall cause minutes of its meetings to be kept.

(6) Subject to this Act, the procedures of the Board are as determined by it.

18. Disclosure of interest.

(1) A member of the Board who is directly or indirectly interested in a contract made, or proposed to be made, by the Central Bank, otherwise than as a member, and in common with the other members, of an incorporated company consisting of not less than 25 persons, shall disclose the nature of his interest at the first meeting of the Board at which he is present after the relevant facts have come to his knowledge.

(2) A disclosure under Subsection (1) shall be recorded in the minutes of the Board, and after the disclosure the member—

(a) shall not take part in any deliberation or decision of the Board with respect to the contract; and

(b) shall be disregarded for the purpose of constituting a quorum for any such deliberation or decision.

Division 3.—Relations with the Government.

19. Central Bank as Government banker and financial agent.

The Central Bank—

(a) shall, to the extent that the Minister requires it to do so, act as banker and financial agent of the Government; and

(b) subject to any arrangements made with the authority concerned may act as banker and financial agent of a public authority.

20. Official depository.

(1) In its capacity as banker and financial agent of the Government, the Central Bank is the official depository of the Government, and shall accept deposits and effect payments for the Government.

(2) Subsection (1) does not prevent the Government from using the services of any other bank or financial institution.

21. Administration of the Banks and Financial Institutions Act.

The Central Bank shall act as the agent of the Government in the administration of the *Banks and Financial Institutions Act*, and has such powers, functions, duties and responsibilities in respect of that Act as are specified in or under it.

22. General agency functions.

Where it can do so appropriately and consistently with this Act and its functions and duties as the Central Bank, the Central Bank shall act as agent for the Government in such matters as are agreed on between the Government and the Bank.

23. International financial institutions.

As required, the Central Bank shall serve as the depository and fiscal agency of, and the institution through which financial dealings may be conducted with, international financial institutions.

24. Advances to the Government.

(1) This section shall be read subject to the *Public Finances (Control and Audit) Act*.

(2) In this section, "ordinary revenue" includes revenues from—

- (a) taxes, levies, duties, fees, rents and royalties; and
- (b) profits and income from any investment or undertaking of the Government,

but does not include—

- (c) any loan, grant or other form of external aid; or
- (d) any capital raised.

(3) The Central Bank may grant temporary advances to the Government in respect of temporary deficiencies of revenue at such interest and on such conditions as to repayment as are agreed on between the Central Bank and the Government.

(4) The total amount outstanding of—

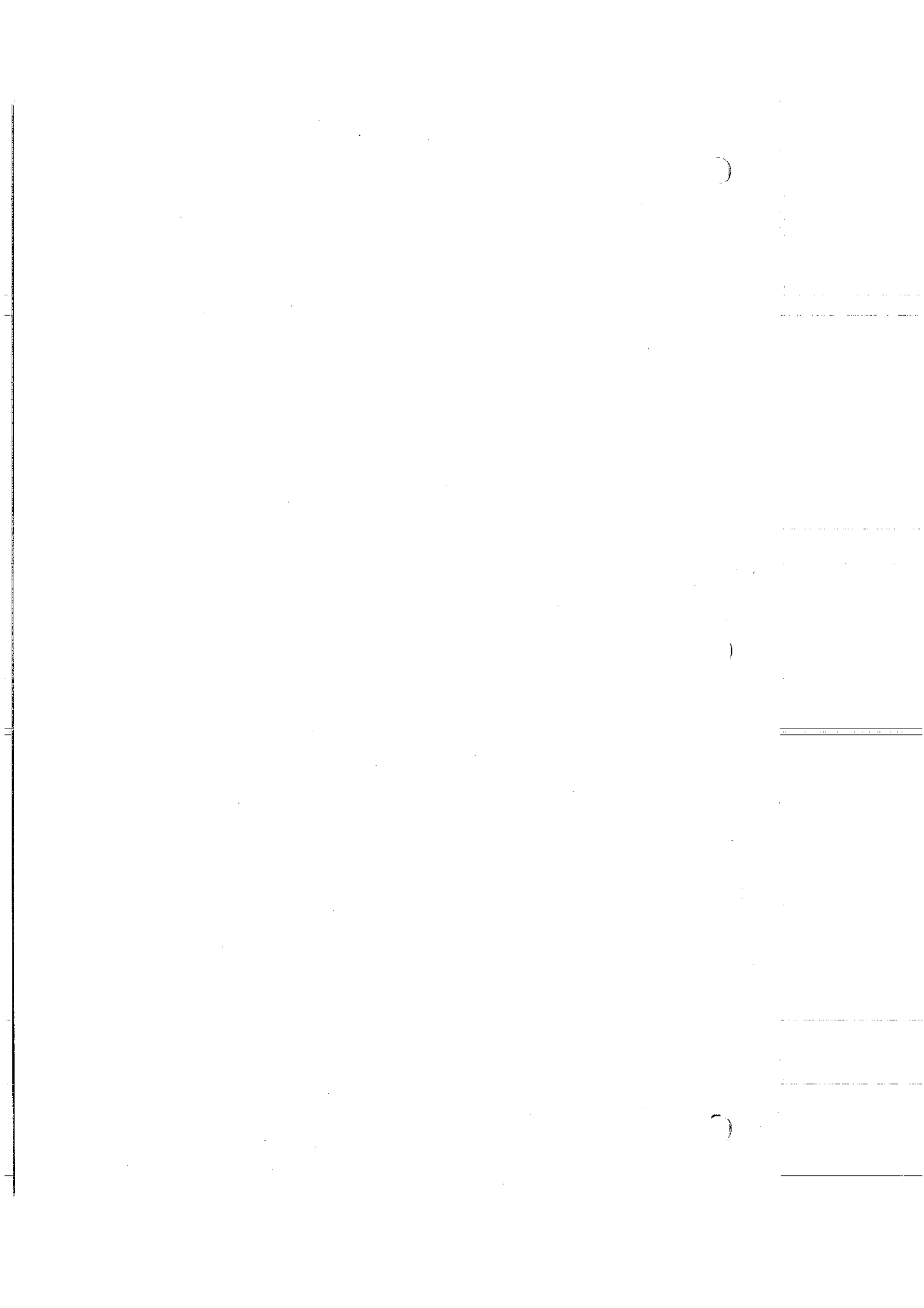
- (a) advances under Subsection (3); and
- (b) the holdings by the Central Bank of notes, bills, securities or other evidence of debts of, or guaranteed by, the State, other than—
 - (i) non-interest bearing non-negotiable securities issued under Section 31A(2); or
 - (ii) non-interest bearing non-negotiable securities issued under Section 31A(2) outstanding as at 20 March, 1980, being the date on which the *Central Banking (Amendment) Act 1980* came into force; and

(c) securities held by the Central Bank against loans to banks and financial institutions under Section 42,

shall not at any time, except as provided by Subsection (7), exceed 20% of the estimated ordinary revenue of Papua New Guinea for the financial year in which an advance is to be made or the holdings increased. (*Amended by No. 1 of 1980, s. 1.*)

(5) If in the opinion of the Central Bank the limit imposed by Subsection (4) is in danger of being exceeded, the Bank shall—

(a) submit to the Minister a report on the situation, including such recommendations as to action to remedy the situation as the Bank thinks appropriate; and



(b) at intervals not exceeding three months, make further such reports, until, in the opinion of the Bank, the situation has been rectified.

(6) If the limit imposed by Subsection (4) is reached, the Central Bank shall—

(a) advise the Minister accordingly; and

(b) subject to Subsection (7), permit no further increase in advances under Subsection (3), or of holdings referred to in Subsection (4)(b) or (c).

(7) The Minister may, by order, direct the Central Bank to increase, on such terms and conditions and for such period (not exceeding six months) as are determined by the Head of State, acting on advice, advances or its holdings so that the total amount referred to in Subsection (4) does not exceed 25% of the estimated ordinary revenue of Papua New Guinea for the financial year in which an advance is to be made or the holdings increased.

(8) Where an order is made under Subsection (7)—

(a) the Government is responsible for the policy so determined; and

(b) the Central Bank shall ensure that effect is given to the policy while the order remains in force.

Division 4.—The Service of the Central Bank.

25. Appointment of officers.

(1) The Central Bank may appoint such officers as are necessary for the purposes of this Act.

(2) The officers of the Central Bank constitute the Service of the Bank.

(3) Where, immediately before his appointment, an officer of the Central Bank was an officer of the Public Service, his service as an officer of the Bank shall be counted as service in the Public Service for the purpose of determining his rights (if any) in respect of—

(a) leave of absence on the ground of illness; and

(b) furlough, or pay in lieu of furlough (including pay to dependants or personal representatives on the death of the officer).

(4) Section 104 of the *Public Service Act* applies in relation to offices in the Service of the Central Bank as if they had been specifically included in that section.

(5) Where an officer of the Central Bank was, immediately before his appointment, an officer of the Reserve Bank of Australia, he is entitled in respect of that service—

(a) to his accrued rights with the Reserve Bank in respect of long service leave; and

(b) to such other rights under this Act as are specified in his instrument of appointment to the Service of the Central Bank.

26. Regulations for the Service of the Central Bank.

The regulations may make provision in relation to the Service of the Central Bank, and in particular may—

(a) prescribe the terms and conditions of employment of officers; and

(b) make provision for the establishment of a superannuation scheme to provide benefits for the Governor, Deputy Governor and officers of the Bank, on retirement.

27. Temporary and casual employees.

(1) The Central Bank may appoint such temporary and casual employees as are necessary for the purposes of this Act.

(2) Employees appointed under Subsection (1) shall be employed on such terms and conditions as the Central Bank determines.

28. Loans to officers, etc.

(1) Subject to this section, the Central Bank shall not lend money to an officer or employee.

(2) The Central Bank may lend money to an officer or employee—

(a) for the purchase, erection, alteration, renovation or enlargement of a home in which he resides or intends to reside; or

(b) to discharge a mortgage, charge or encumbrance on such a home.

(3) In addition to and not in derogation of the powers conferred by Subsection (2), but subject to Subsection (4), where the Governor is satisfied that special circumstances exist the Central Bank may make a loan or loans to an officer or employee of the Bank, on such terms and conditions as the Governor thinks proper.

(4) The total amount of any loan or loans under Subsection (3) outstanding to an officer or employee of the Central Bank shall not exceed an amount equal to his salary for three months.

Division 5.—Finance.

29. Capital.

(1) The initial capital of the Central Bank is K5 000 000.00.

(2) The capital may be increased from time to time by the Minister, by order made on the recommendation of the Board.

(3) The capital or any increase in capital that is not met by a transfer under Section 30(2) shall be paid out of moneys appropriated by Act for the purpose.

30. Reserve Funds.

(1) The Central Bank may have reserve funds, to be called the Bank of Papua New Guinea Reserve Funds, consisting of such sums as are placed to their credit under Section 31(2)(a).

(2) There may be transferred from time to time from the Bank of Papua New Guinea Reserve Funds—

(a) to the capital of the Central Bank such sums as the Board, with the approval of the Minister, determines; and

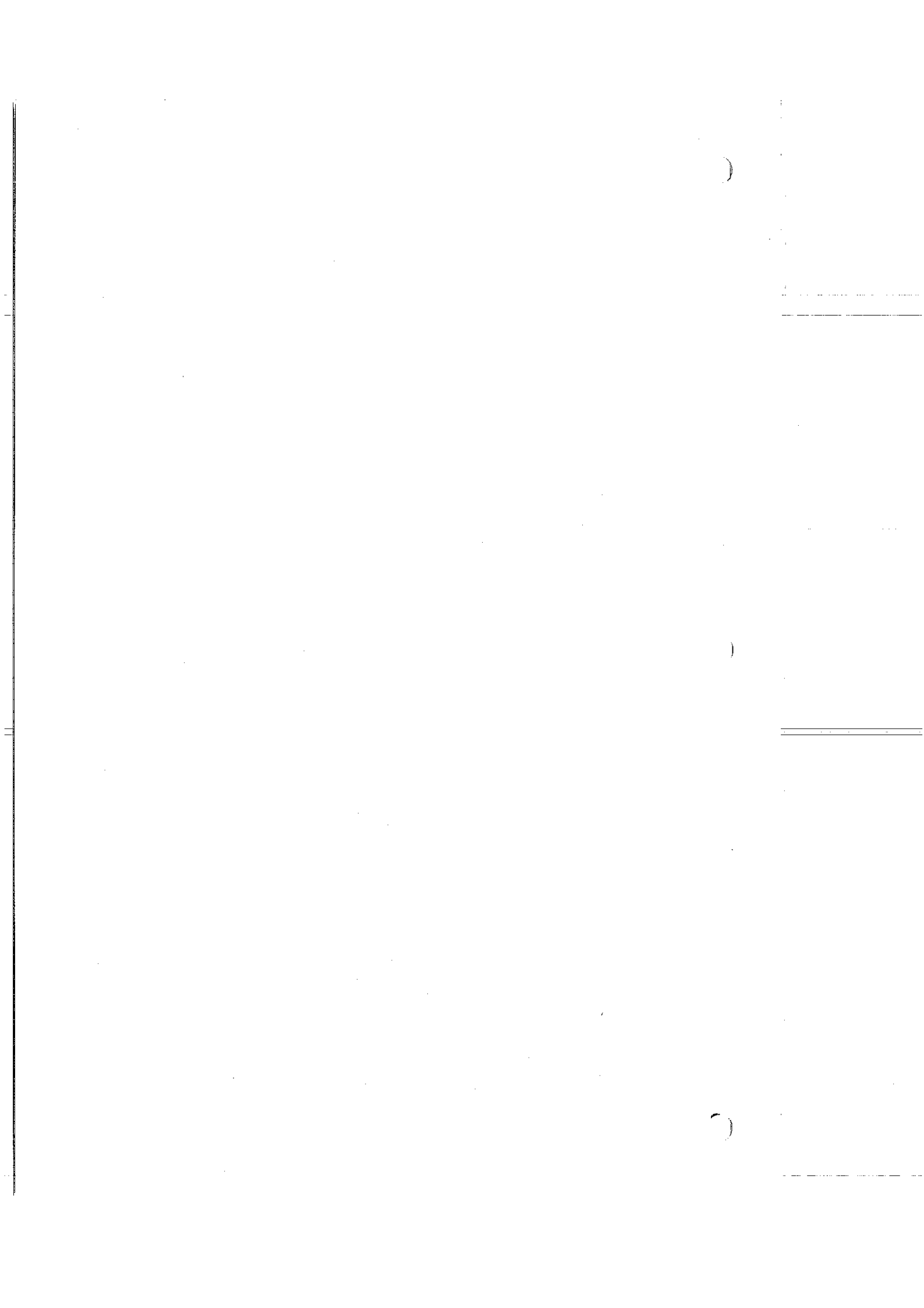
(b) such sums as the Board, with the approval of the Minister, determines are required to meet contingencies which arise in the course of the Central Bank's operations in carrying out its functions under Section 5.

(Replaced by No. 1 of 1980, s. 2.)

31. Dealing with profits.

(1) At the end of each financial year, the net profit of the Central Bank for that financial year shall be determined by the Board, after allowing for the expenses of operation and after making provision for—

- (a) bad and doubtful debts; and
- (b) depreciation of assets; and
- (c) contributions to staff superannuation funds; and
- (d) such other contingencies and accounting provisions as are customarily made by banking institutions.



(2) Subject to Subsection (3), the net profit of the Central Bank shall be dealt with as follows:—

- (a) such amount as the Minister, after consultation with the Board, determines shall be placed to the credit of the Bank of Papua New Guinea Reserve Funds; and
- (b) the balance shall be paid into and form part of the Consolidated Revenue Fund.

(3) No amount shall be paid into the Consolidated Revenue Fund under Subsection (2)(b) if, in the opinion of the Board, the assets of the Central Bank are, or after the payment would be, less than the sum of its liabilities and paid-up capital.

(4) For the purpose of Subsections (1) and (2), the net profit of the Central Bank shall exclude profits or losses arising under Section 31A.

(Amended by No. 1 of 1980, s. 3.)

31A. Profits and losses on international reserves.

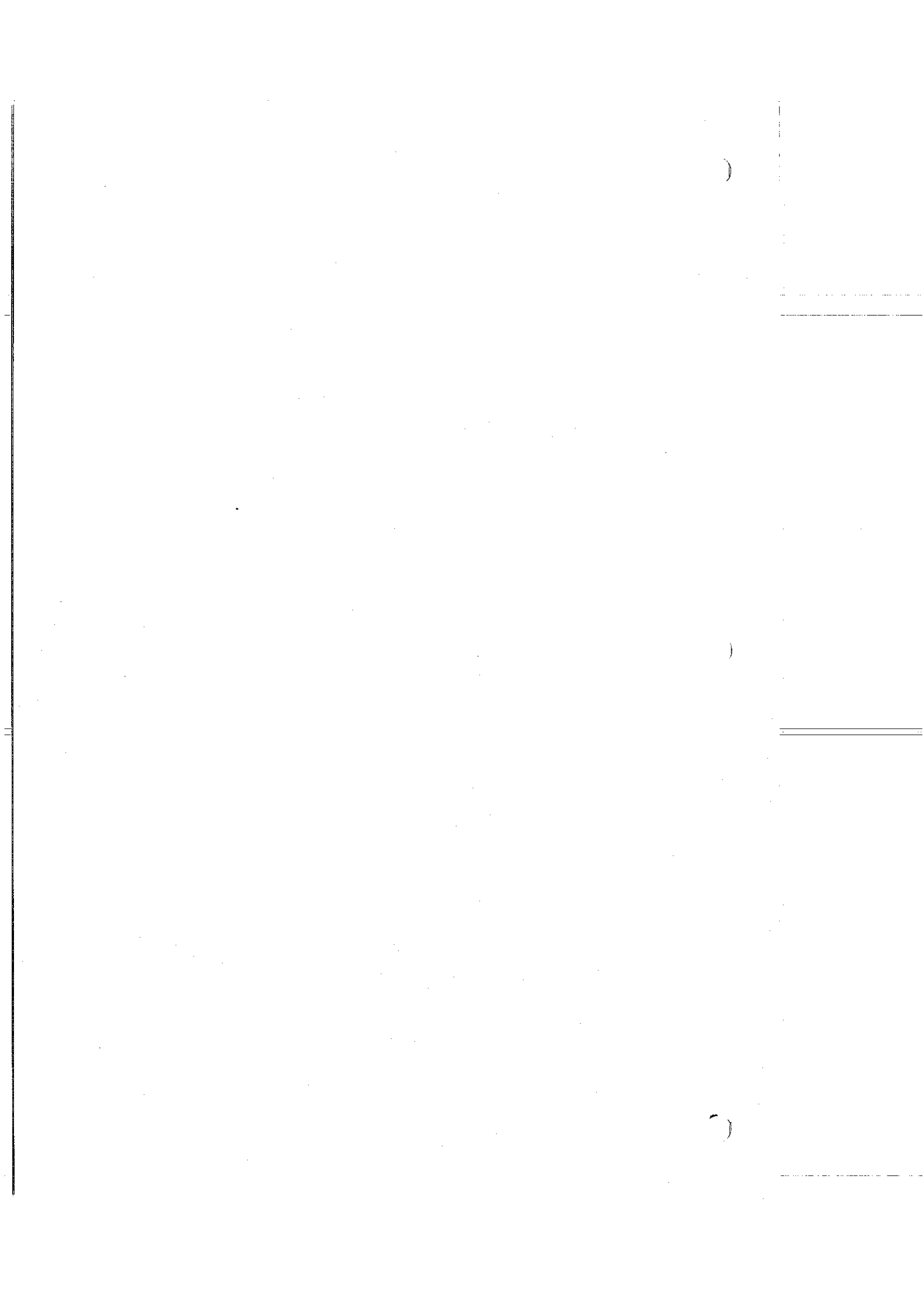
(1) Where at any time the Central Bank incurs a loss due to a change in the value of any overseas asset or liability held by the Central Bank, that in the opinion of the Minister may lead to a significant reduction in the reserve funds of the Bank, the Minister may pay to the Bank such amount as he considers necessary to avoid such a reduction and any amount so paid shall be paid out of the Consolidated Revenue Fund which is, to the necessary extent, appropriated accordingly.

(2) Notwithstanding Subsection (1), in the event that a change to the official value of the monetary unit is made in terms of Section 45—

- (a) any profits arising from the appreciation of the Bank's assets, after deducting the amount of any appreciation of its liabilities, resulting from such change, shall be credited to a fund to be called the Bank of Papua New Guinea Revaluation Reserve Fund; and
- (b) any credit balance in the Bank of Papua New Guinea Revaluation Reserve Fund resulting from profits under Paragraph (a) shall immediately be applied to the redemption of any outstanding securities issued under Subsection (5); and
- (c) any losses arising from the depreciation of the Bank's assets, after deducting the amount of any depreciation of its liabilities, resulting from such a change shall be set off against the credit balance in the Bank of Papua New Guinea Revaluation Reserve Fund and, to the extent that such balance is insufficient to cover such losses, the Minister shall pay to the Bank such amount out of the Consolidated Revenue Fund which is, to the necessary extent, appropriated accordingly.

(3) For the purposes of Subsections (1) and (2), the assets and liabilities of the Central Bank shall be deemed to include all overseas assets and liabilities that the Bank has agreed to acquire or sell, or in respect of which it has entered into any form of indemnity relating to a change in the official value of the monetary unit.

(4) Any profits or losses calculated under Subsection (2) shall be determined by the change in the Papua New Guinea currency value of the Bank's overseas assets and liabilities at the close of business on the last business day before the change to the official value of the monetary unit, converted at the Bank's mid-rates of exchange for foreign currencies in



which overseas assets and liabilities are designated, immediately before and after the declaration of the new value of the monetary unit.

(5) Notwithstanding anything contained in this Act or in the *Loans Securities Act* or in any other law the minister may create and issue to the Bank non-interest bearing non-negotiable notes for an amount not exceeding any payment made by the Minister to the Bank out of the Consolidated Revenue Fund in accordance with Subsections (1) and (2).

(Replaced by No. 1 of 1980, s. 4.)

32. Application of the Public Bodies (Financial Administration) Act.

Subject to this Division, Sections 10, 12 and 15 of the *Public Bodies (Financial Administration) Act* apply to and in relation to the Central Bank.

PART III.—RELATIONS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS.

33. Services for other banks, etc.

(1) The Central Bank may act as banker for a bank or financial institution.

(2) Subject to this Act, the Central Bank may provide other services to banks and financial institutions, including the provision of safe deposit facilities and facilities for inter-bank clearings.

34. Co-operation with other banks, etc.

The Central Bank shall use its best endeavours, in co-operation with banks and financial institutions—

- (a) to promote and maintain adequate and efficient banking and financial facilities; and
- (b) to ensure that policies consistent with the national interest are followed.

35. Determination of minimum liquid assets.

(1) In this section, "liquid assets", in relation to a bank or financial institution, means—

- (a) Papua New Guinea currency; and
- (b) Treasury Bills or notes, or securities with remaining terms not exceeding three years, issued by the Government or by a Government approved by the Minister, by notice in the National Gazette, on the recommendation of the Central Bank; and
- (c) (Repealed by No. 53 of 1976.)
- (d) balances with the Central Bank in excess of the following deposits:—
 - (i) deposits required under Section 36; and
 - (ii) such other classes of deposits as the Minister, on the recommendation of the Central Bank, approves; and

(Replaced by No. 53 of 1976.)

- (e) other assets approved by the Minister on the recommendation of the Central Bank,

or any or them.

(2) (Repealed by No. 53 of 1976.)

(3) The Central Bank may, by written notice to a bank or financial institution, determine the minimum amount, or minimum amounts, of liquid assets, or of specified classes of liquid assets, that must be held by the bank or financial institution in relation to its deposits and other prescribed liabilities or specified classes of them.

(4) A minimum determined under Subsection (3) shall be expressed in the form of a percentage that the liquid assets or classes of liquid assets bear to the deposits and other prescribed liabilities to which the minimum relates.

(5) A notice under Subsection (3) takes effect on a date specified in the notice, not being less than 14 days after service of the notice on the bank or financial institution concerned.

(6) The Central Bank shall not fix a minimum or minima under Subsection (3) in relation to a bank or financial institution in such a way that—

- (a) the minimum, or the total of the minima, exceeds 25% or, with the prior written consent of the Minister, up to 50% of the total of the deposits and other prescribed liabilities of the bank or financial institution; or
- (b) subject to Subsection (7), the minimum, or the total of the minima, is increased during any month by more than 5% of the total of deposits and other prescribed liabilities.

(Amended by No. 1 of 1980, s. 5.)

(7) Subsection (6)(b) does not apply to an increase in the minimum or minima that will not increase the minimum or the total of the minima to more than 15% of the total of the deposits and other prescribed liabilities.

(8) The Central Bank may impose on a bank or financial institution that fails to comply with a determination under this section a penalty not exceeding 0.1% of the amount of deficiency in liquid assets for each day for which the failure continues.

(9) A penalty imposed under Subsection (8) is a debt due to the Central Bank by the bank or financial institution concerned.

36. Special Deposits.

(1) The Central Bank may, by written notice to a bank or financial institution, require it to maintain with the Central Bank a deposit at least equal to the percentage fixed by the Central Bank of the current level of deposits and other prescribed liabilities determined in the prescribed manner of the bank or financial institution.

(2) A requirement under Subsection (1) may relate to all deposits and other prescribed liabilities of the bank or financial institution, or to a class or classes of such deposits and liabilities.

(3) Where the percentage fixed under Subsection (1) is increased—

- (a) the increase or increases shall not exceed 2% of the deposits and liabilities concerned during any month; and
- (b) the increase does not take effect until after the expiration of a period of not less than 14 days' notice of the increase to the bank or financial institution.

(4) The Central Bank may impose on a bank or financial institution that fails to comply with a direction under Subsection (1) a penalty not exceeding 0.1% of the amount of the deficiency in the deposit for each day for which the failure continues.

(5) A penalty imposed under Subsection (4) is a debt due to the Central Bank by the bank or financial institution concerned.

37. Directives as to loans, etc.

With the approval of the Minister, the Central Bank may, by written notice to banks or financial institutions, issue directives specifying in respect of loans, advances or investments to be made by them—

- (a) the purposes for which they may or may not be made; or
- (b) the limits for any category of loans, advances or investments, or for the total amount of any category of loans, advances or investments, by any bank or financial institution that may be outstanding at any time.

38. Directives as to interest and discount rates.

(1) With the approval of the Minister, the Central Bank may issue directives to banks and financial institutions regarding interest and discount rates in respect of their banking business.

(2) A directive under Subsection (1) may apply—

- (a) to all transactions, or to a class or classes of transactions; and
- (b) in respect of all person, or of a class or classes of persons.

39. Supply of information.

(1) For the purpose of the exercise and performance of its powers and functions under this Act or any other law, the Central Bank may require a bank or financial institution to furnish such statistical or other information as the Central Bank specifies.

(2) Information supplied under Subsection (1) shall be verified by a statutory declaration by a senior officer of the bank or financial institution concerned.

(3) The Central Bank may publish, in whole or in part and at such times and in such manner as it thinks proper, any information supplied under this section.

40. Financial stability of banks and financial institutions.

(1) In addition to any information that it is entitled to require under Section 39, the Central Bank may, by written notice, require a bank or financial institution to supply to it, within a period specified in the notice, such information relating to the financial stability of the bank or institution as is specified in the notice.

(2) For the purpose of the exercise and performance of its functions and duties under this Act, the *Banks and Financial Institutions Act* or any other law, the Central Bank—

- (a) may cause inspections to be made, by an officer of the Central Bank, of the books and accounts of a bank or financial institution; and
- (b) shall do so if it has reason to suspect that the bank or institution—
 - (i) is in danger of being unable to meet its obligations; or
 - (ii) is likely to suspend payment.

41. Appointment of agents.

The Central Bank may appoint another bank to act as its agent for the issue, re-issue, exchange and withdrawal of currency or for other purpose on such conditions as are agreed between the Central Bank and the other bank.

42. Loans and advances to banks and financial institutions.

Subject to Section 24, if the Central Bank—

- (a) thinks it necessary to do so in order to safeguard monetary stability; or

(b) otherwise thinks it desirable to do so in the national interest, it may make a loan or advance to a bank or financial institution on such conditions as it thinks proper.

PART IV.—CURRENCY¹.

43. Interpretation of Part IV.

For the purposes of this Part, a currency note or coin shall be deemed to have been tampered with if it has been defaced, disfigured or mutilated, and, in the case of a coin, if it has been impaired, diminished or lightened in any way otherwise than by wear and tear.

44. Monetary units.

(1) The monetary unit, or unit of currency, of Papua New Guinea is the kina or such other unit as is prescribed.

(2) The monetary unit shall be divided into 100 toea or such other subsidiary units as are prescribed.

(3) The monetary unit may be designated by the abbreviation "K" or such other abbreviation as is prescribed, and the subsidiary unit may be designated by the abbreviation "t" or such other abbreviation as is prescribed.

45. Official value of monetary unit.

The official value of the monetary unit in terms of other currencies shall be determined by the Central Bank acting on, and in accordance with, instructions given from time to time by the Minister after consultation with the Bank.

(Replaced by No. 1 of 1977, s. 3.)

46. Right to issue currency.

The Central Bank has the sole right to issue currency notes and coins in and for Papua New Guinea.

47. Manufacture of currency.

The Central Bank shall—

(a) arrange for the printing of currency notes and the minting of coins; and

(b) issue, re-issue, exchange and withdraw currency notes and coins at the offices of the Bank and at such agencies as are established or appointed by the Bank; and

(c) arrange for—

(i) the safe custody of unissued currency; and

(ii) the preparation, safe custody and destruction, as necessary, of plates and paper for the printing of notes and dies for the minting of coins; and

(iii) the safe custody, cancellation and destruction of withdrawn currency.

¹See, also, Criminal Code, Division VII. 2.

48. Characteristics of currency.

(1) Currency notes and coins issued by the Central Bank shall—

- (a) be in such denominations of the monetary unit, or fractions of the monetary unit expressed in the subsidiary units; and
- (b) be of such materials, forms and designs, and bear such inscriptions and devices, and have such other characteristics,

as the Minister, on the recommendation of the Bank, determines.

(2) The Central Bank shall cause notice of the denominations and other characteristics of the currency notes and coins that it issues to be published in the National Gazette.

49. Calling in of currency.

(1) The Central Bank may, by notice in the National Gazette, call in any currency notes or coins issued by it, on payment of their face value.

(2) A notice under Subsection (1) takes effect on a date and for a period fixed in the notice for the purpose, not being less than three months after the date of publication of the notice.

50. Legal tender.

(1) Subject to Subsection (2), if they have not been tampered with—

- (a) currency notes issued by the Central Bank are legal tender at their face value for the payment of any amount; and
- (b) coins issued by the Bank are legal tender at their face value—
 - (i) in the case of coins that have a denomination of K10.00 or more—up to an amount of their face value; and
 - (ii) in the case of coins that have a denomination of 20t or of any value greater than 20t and less than K10.00—up to an amount not exceeding K10.00; and
 - (iii) in the case of coins that have a denomination of less than 20t—up to an amount not exceeding K2.00.

(2) Subsection (1) does not apply to currency notes or coins that have been called in under Section 49 at the end of the period specified in the notice under Section 49(1).

51. Tampering with currency notes or coins.

A person who wilfully tampers with a currency note or coin that is legal tender in Papua New Guinea is guilty of an offence.

Penalty: A fine not exceeding K100.00.

52. Recovery of value of currency notes or coins that have been tampered with, etc.

A person is not entitled to recover from the Central Bank the value of—

- (a) any lost or stolen currency note or coin; or
- (b) any currency note or coin that has been tampered with,

but the Bank may, in its absolute discretion, pay the whole or part of the value of any such currency note or coin.

53. Unofficial currency notes, tokens, etc.

(1) Except as provided for by this Act, a person who issues—

- (a) currency notes, bank notes or coins; or
- (b) any documents or tokens payable to bearer on demand, that, in the opinion of the Central Bank, are likely to pass as legal tender is guilty of an offence.

Penalty: A fine not exceeding K500.00.

(2) Subsection (1) does not apply to or in relation to customary currency.

54. Advertisements.

A person who makes on or attaches to a currency note or coin that is legal tender in the country an advertisement is guilty of an offence.

Penalty: A fine not exceeding K100.00.

55. Use of photographs, etc., of currency notes.

A person who, otherwise than with the permission of the Central Bank and in accordance with any conditions attached to the permission, uses, in any size, scale or colour a photograph of, or a drawing or design resembling, a currency note that is legal tender in the country, or a part of any such note—

- (a) in any publication or advertisement; or
- (b) on or attached to any merchandise or product that he manufactures, sells, circulates or otherwise distributes; or
- (c) on or attached to the container of any such merchandise or product,

is guilty of an offence.

Penalty: A fine not exceeding K100.00.

56. Assisting in law enforcement relating to counterfeiting.

(1) The Central Bank shall use its best endeavours to assist in the enforcement of any law relating to the counterfeiting of currency notes or coins.

(2) A certificate by an officer of the Central Bank authorized for the purpose that a purported currency note or coin is or is not counterfeit is prima facie evidence of that fact.

57. Transactions to be in Papua New Guinea currency.

(1) Subject to Subsections (2) and (3)—

- (a) every sale, bill of exchange, promissory note or security for money; and
- (b) every other contract, agreement, deed, instrument, transaction, dealing, matter or thing relating to money, or involving the payment of or the liability to pay money,

that is made, executed, entered into or done shall, unless it is expressed to be made, executed, entered into or done according to the currency of some other country, be made, executed, entered into or done according to a currency provided for by this Part.

(2) Subsection (1) does not—

- (a) operate so as to invalidate a will or other testamentary instrument; or
- (b) apply to or in relation to a transaction or thing intended to be carried out or done in terms of customary currency.

PART V.—FOREIGN EXCHANGE AND INTERNATIONAL RESERVES.

58. Interpretation of Part V.

In this Part—

“foreign currency” includes—

- (a) notes, coins, postal notes, money orders, bills of exchange, promissory notes, drafts, letters of credit and travellers' cheques payable or expressed otherwise than in Papua New Guinea currency; and
- (b) rights and instruments of title to any such foreign currency;

“foreign exchange” means foreign currency and foreign securities;

“foreign securities” includes—

- (a) securities the principal of or interest on which is payable or repayable in a country other than Papua New Guinea or in a foreign currency; and
- (b) securities the funds necessary for the payment or repayment of the principal of or interest on which are provided from a country other than Papua New Guinea; and
- (c) securities that are registered outside Papua New Guinea; and
- (d) securities that are situated outside Papua New Guinea; and
- (e) any debt due or accruing due to a person in Papua New Guinea by a person in another country; and
- (f) any right to receive payment of any amount of money in a country other than Papua New Guinea; and
- (g) any right to receive payment of any amount of foreign currency;

“Papua New Guinea currency” includes—

- (a) notes, coins, postal notes, money orders, bills of exchange, promissory notes, drafts, letters of credit and travellers' cheques payable or expressed in currency that is legal tender in Papua New Guinea; and
- (b) rights and instruments of title to any such Papua New Guinea currency;

“securities” includes—

- (a) shares, stock, bonds, debentures, debenture stock, unsecured notes, transferable or negotiable deposits, Treasury Bills, units or sub-units of a unit trust and policies of life or endowment assurance; and
- (b) deposit receipts in respect of the deposit of any such securities and of documents of title to any such securities.

59. International reserves.

The Central Bank shall at all times use its best endeavours to maintain an adequate level of international reserves, consisting of—

- (a) gold coin or bullion; or
- (b) foreign exchange in the form of—
 - (i) currency, bank balances and money at call; or

- (ii) documents and instruments customarily used for the making of payments or transfers in international transactions; or
- (iii) securities of or guaranteed by foreign governments or international financial institutions; or
- (c) other internationally-recognized reserve assets, including—
 - (i) the entitlement to make a gold tranche purchase in the General Account of the International Monetary Fund; or
 - (ii) the holding of Special Drawing Rights with the International Monetary Fund,

or any of them.

60. Operations in foreign exchange and gold.

The Central Bank may—

- (a) import, export, buy, sell, hold or otherwise deal in gold; or
- (b) with respect to balances in foreign currencies—
 - (i) acquire such balances; and
 - (ii) transfer any such balances; and
 - (iii) hold any such balances with foreign central banks or with the Bank's agents or correspondents abroad; and
 - (iv) invest any such balances in foreign marketable securities; or
- (c) acquire, hold and transfer, and effect transactions of any kind in, foreign exchange and other internationally-recognized reserve assets; or
- (d) subject to Section 4(2), conduct accounts in the country for overseas customers.

61. Regulations relating to foreign exchange and gold.

(1) Notwithstanding any other law but subject to this Act, the regulations may provide for or relate to—

- (a) the control of foreign exchange; and
- (b) the control of gold.

(2) In particular, and without limiting the generality of Subsection (1), the regulations may relate to—

- (a) the appointment of authorized dealers in foreign exchange and gold and their powers, rights, duties and responsibilities, and the rates at which they may enter into transactions in foreign exchange and gold; and
- (b) the buying, selling, borrowing, lending or exchange of foreign currency or gold; and
- (c) any dealing or transaction having the effect of a purchase, sale, borrowing, loan or exchange of foreign exchange or gold; and
- (d) the taking or sending out of the country of Papua New Guinea currency, foreign currency or gold; and
- (e) transactions in Papua New Guinea currency with, or on behalf of, persons resident outside the country; and

- (f) requiring any person who has power to sell, or to procure the sale of, any foreign currency or gold to sell, or to procure the sale, of the currency or gold, in accordance with the regulations; and
 - (g) the taking, sending, transmission or transfer out of the country of prescribed securities, and other dealings with or transactions in prescribed securities; and
 - (b) the importation or exportation of goods.
- (3) The regulations may—
- (a) provide that an offence may be prosecuted either summarily or on indictment; and
 - (b) provide penalties for offences against the regulations, not exceeding—
 - (i) on summary conviction—a fine not exceeding K200.00 or imprisonment for a term not exceeding six months, and default penalties of fines not exceeding K10.00; and
 - (ii) on conviction on indictment—a fine not exceeding K10 000.00 or imprisonment for a term not exceeding five years, and default penalties of fines not exceeding K500.00; and
 - (c) empower a court to order the forfeiture of any Papua New Guinea currency, foreign currency, securities, goods or gold in respect of which an offence has been committed against the regulations made for the purposes of this section; and
 - (d) empower a court to order the sale to, or the vesting in, the Central Bank of foreign currency, gold or property retained or obtained in contravention of those regulations.

61A. Granting of authorities subject to taxation clearance.

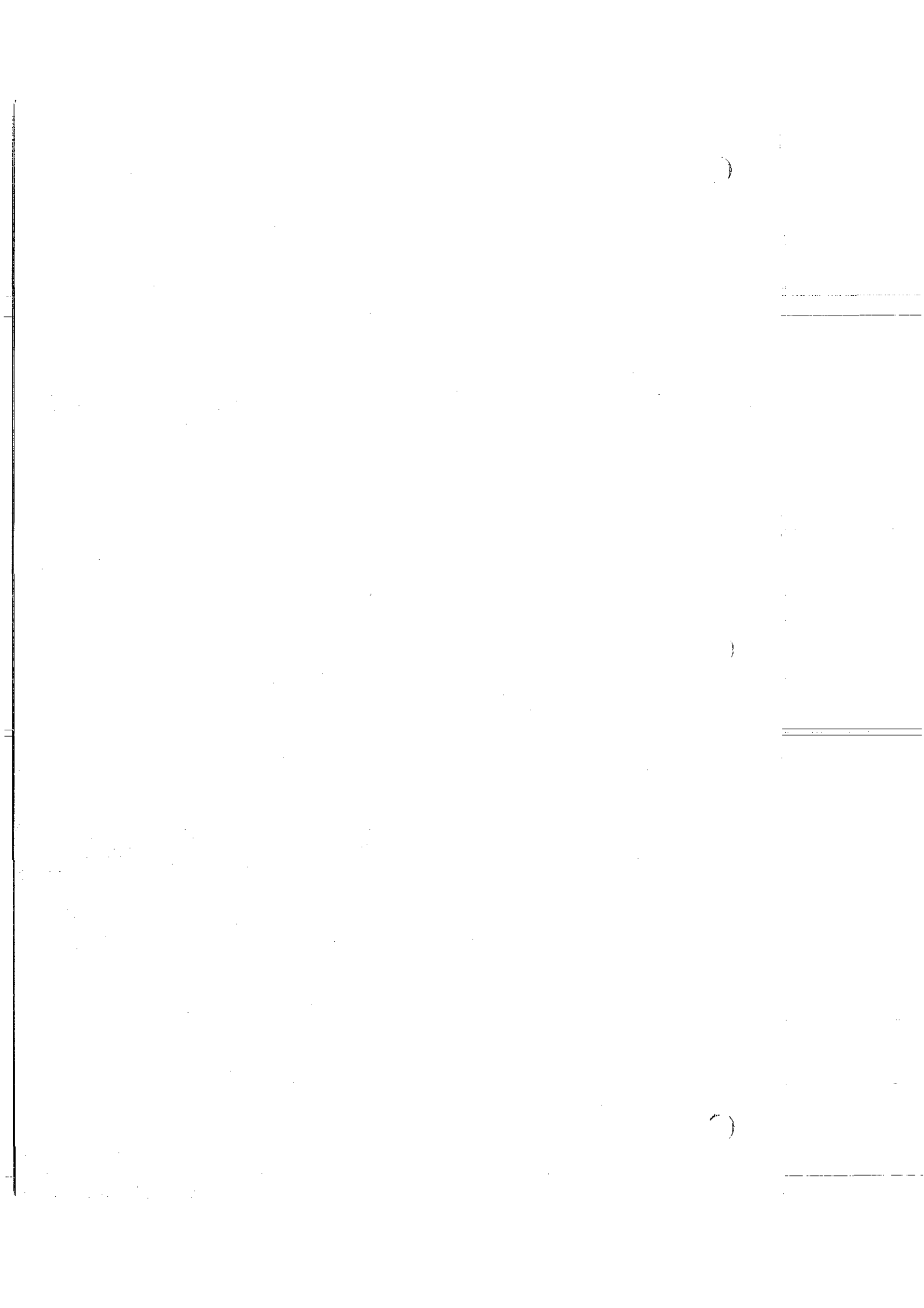
(1) Where regulations made under Section 61 contain a provision prohibiting the doing of an act or thing without the authority of the Central Bank or an authorized dealer and an application is made to the Bank or the authorized dealer for the authority of the Bank or the authorized dealer to do that act or thing, then—

- (a) if the act or thing is of a kind specified in a notice in force under Subsection (2)—the Bank or the authorized dealer shall not grant that authority unless there is produced to the Bank or the authorized dealer, in respect of that act or thing, a tax clearance certificate issued under Section 354C of the *Income Tax Act 1959* (Adopted) in respect of that act or thing; or
- (b) in any other case—the Bank or the authorized dealer may refuse to grant that authority unless there is produced to the Bank or the authorized dealer such a certificate,

but this subsection shall not be taken as limiting the discretion of the Bank or the authorized dealer to refuse to grant authority on any other ground.

(2) The Minister may, by notice in the National Gazette, direct that acts or things of a kind specified in the notice are, on and after the date of publication of the notice or such later date as is specified in the notice, acts or things of a kind to which this section applies.

(Added by No. 33 of 1979.)



62. Further powers of the Central Bank.

In addition to its powers under this Division, the Central Bank may—

- (a) impose such restrictions and conditions as it thinks necessary on authorized dealers appointed under Section 61(2)(a); and
- (b) require banks and financial institutions to hold assets consisting of claims payable in Papua New Guinea currency and other assets situate in the country to a value equal to a proportion determined by the Central Bank of their liabilities in the country.

PART VI.—MISCELLANEOUS.

63. Attorney.

The Central Bank may, by instrument under its seal, appoint a person (whether within or outside the country) to be its attorney and, subject to the instrument, a person so appointed may do any act or exercise or perform any power or function that he is authorized by the instrument to do, exercise or perform.

64. Offices, agents, etc.

In the exercise of its powers and the performance of its functions, the Central Bank may—

- (a) establish offices and branches, within and outside the country, as it thinks necessary; and
- (b) appoint agents and correspondents, within and outside the country.

65. Taxation.

The Central Bank is not liable to taxation under any law.

66. Periodical returns.

The Central Bank shall furnish to the Minister such periodical statements as are prescribed.

67. Power to improve property and carry on business.

Where the Central Bank holds any property or business as a security for a loan or advance, and the property or business falls into the hands of the Bank, the Bank may maintain, repair or improve the property or carry on the business until the Bank, in its discretion, can dispose of the property or business in the best interests of the Bank.

68. Execution of contracts.

(1) Contracts on behalf of the Central Bank may be made, varied or discharged in accordance with this section, and any contract so made is effectual in law, and is binding on the Bank and on all other parties to the contract, their heirs, successors, assigns, executors and administrators.

(2) A contract that, if made between private persons, would by law be required to be in writing under seal may be made, varied or discharged in the name and on behalf of the Central Bank in writing under the seal of the Bank.

(3) A contract that, if made between private persons, would by law be required to be in writing and signed by the parties to be charged with it may be made, varied or discharged in the name and on behalf of the Central Bank in writing signed by a person acting with the express or implied authority of the Bank.

(4) A contract that, if made between private persons, would by law be valid although made by parol only may be made, varied or discharged by parol in the name and on behalf of the Central Bank by a person acting with the express or implied authority of the Bank.

(5) This section does not invalidate a contract executed on behalf of the Central Bank by a duly appointed attorney of the Bank if the contract would be valid if executed by the attorney on his own behalf.

69. Validity of acts and transactions of the Central Bank.

The validity of an act or transaction of the Central Bank shall not be called in question on the ground that any provision of this Act has not been complied with.

70. Regulations.

The Head of State, acting on advice, may make regulations, not inconsistent with this Act, prescribing all matters that by this Act are required or permitted to be prescribed, or that are necessary or convenient to be prescribed for carrying out or giving effect to this Act or for the conduct of business by the Central Bank, and in particular for prescribing penalties of fines not exceeding K100.00 for offences against the regulations.

SCHEDULES.

SCHEDULE 1.

Sec. 14.

OATH AND AFFIRMATION OF OFFICE.

Oath.

I, _____, do swear that I will give good and faithful service as a member of the Bank of Papua New Guinea Board.

So help me God!

Affirmation.

I, _____, do solemnly and sincerely promise and declare that I will give good and faithful service as a member of the Bank of Papua New Guinea Board.

SCHEDULE 2.

Sec. 14.

DECLARATION OF SECRECY.

I, _____, a member of the Bank of Papua New Guinea Board, do solemnly and sincerely declare that I will at all times maintain secrecy in relation to the affairs of the Board and the Bank of Papua New Guinea and, in particular, that I will not directly or indirectly communicate or divulge any information that comes to my knowledge in the performance of my functions as a member of the Board except by authority of the Board or under compulsion or obligation of law.

(*Signature of Declarant.*)

Declared
Before me

19 .

(*Signature of person before whom declaration is made.*)

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Banking (Foreign Exchange and Gold) Regulation.

ARRANGEMENT OF SECTIONS.

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“authorized dealer”.
2. Authorized dealers.
3. Exemptions.

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Division 1.—Preliminary.

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“foreign currency”
“foreign exchange”
“foreign securities”
“owner”
“Papua New Guinea currency”
“securities”.
5. Application of Part II.
- 5A. Contracts, etc., not to be avoided.

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7. Transfer or removal of currency out of Papua New Guinea.
8. Money orders.
9. Control of certain payments and transactions.
10. Borrowings from outside residents.
11. Blocked accounts.
12. Specified currency.

Division 3.—Securities and Foreign Securities Control.

13. Issue or dispatch of securities.
14. Foreign securities.
15. Returns of foreign securities.

Division 4.—Control of Proceeds of Exports.

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17. Exceptions.
18. General restrictions on export.
19. Additional documentation and information.
20. Security.
21. Fulfilment of arrangements.

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22. Currency of property retained or obtained in contravention of Part II.

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23. Application.
24. Transfer of gold into or out of Papua New Guinea.
25. Sale of gold.
26. Limitation on purchase of gold.
27. Limitation on working of gold.

PART IV.—MISCELLANEOUS.

28. Authorities by Central Bank and compliance with undertakings.
29. Travellers taking gold, etc., out of Papua New Guinea.
30. Power to obtain information.
31. False statements.
32. Evasion of this Regulation.
33. Penalties.

SCHEDULE.—Bond.

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Banking (Foreign Exchange and Gold) Regulation.

MADE under the *Central Banking Act*, for the purpose of Section 61 of that Act.

PART I.—PRELIMINARY.

1. Interpretation.

In this Regulation, unless the contrary intention appears "authorized dealer"—

- (a) in relation to any provisions of Part II. or to any transaction that is subject to any such provision—means a person appointed under Section 2(1)(a) to be an authorized dealer in foreign exchange for the purposes of that provision or in respect of transactions of that class; and
- (b) in relation to any provision of Part III. or to any transaction that is subject to any such provision—means a person appointed under Section 2(1)(b) to be an authorized dealer in gold for the purposes of that provision or in respect of transactions of that class.

2. Authorized dealers.

(1) The Central Bank may, by notice in the National Gazette, appoint a person to be—

- (a) an authorized dealer in foreign exchange for the purposes of any provision of Part II. or in respect of any class of transactions subject to any such provision; or
- (b) an authorized dealer in gold for the purposes of any provision of Part III. or in respect of any class of transactions subject to any such provision.

(2) A person appointed under Subsection (1) must carry out his duties as an authorized dealer in accordance with, and shall comply with, any instructions, directions and requirements made by the Central Bank.

3. Exemptions.

Subject to any directions of the Head of State, acting on advice, the Central Bank may—

- (a) exempt any person from all or any of the provisions of this Regulation relating to gold; or
- (b) exempt—
 - (i) any person, all persons or every person included in any class of persons; or
 - (ii) any act or transaction, all acts and transactions or every act or transaction included in any class of acts or transactions; or
 - (iii) any security, all securities or every security included in any class of securities (including foreign securities),

from all or any of the provisions of this Regulation relating to foreign exchange, prescribed currencies or securities, absolutely or subject to such limitations and conditions as the Central Bank thinks proper.

PART II.—FOREIGN EXCHANGE.

Division 1.—Preliminary.

4. Interpretation of Part II.

In this Part, unless the contrary intention appears—

“country to which this Part applies” means a country declared under Section 5(1) to be a country to which this Part applies;

“foreign currency” has the same meaning as in Section 58 of the Act;

“foreign exchange” has the same meaning as in Section 58 of the Act;

“foreign securities” has the same meaning as in Section 58 of the Act;

“owner”, in relation to a foreign security, includes—

(a) a person who owns the foreign security as a trustee or in a representative capacity; and

(b) in a case where—

(i) the foreign security is held on trust; or

(ii) dividends or interest on a foreign security are paid into a trust fund,

any person entitled—

(iii) to enforce performance of the trust; or

(iv) to revoke or vary the trust or any of its terms with or without the consent of any other person; or

(v) to control the disposition (including investment) of the trust money;

“Papua New Guinea currency” has the same meaning as in Section 58 of the Act;

“securities” has the same meaning as in Section 58 of the Act.

5. Application of Part II.

(1) With the consent of the Head of State, acting on advice, the Central Bank may, by order in the National Gazette, declare a country to be a country to which this Part applies.

(2) Subject to Subsection (3), the provisions of this Part apply to and in respect of—

(a) a country to which this Part applies as if it were part of Papua New Guinea; and

(b) a resident of a country to which this Part applies as if he was a resident of Papua New Guinea.

(3) This section does not give to any provision of this Part an extra-territorial operation that it would not otherwise have.

5A. Contracts, etc., not to be avoided.

(1) No act, matter or thing done, or contract or other transaction entered into, is invalid or unenforceable by reason only that the provisions of this Part have not been complied with.

(2) This section does not prevent the conviction of a person for an offence against this Part.

(Added by No. 17 of 1976, s. 2.)

Division 2.—Monetary Control.

6. Dealings in foreign currency.

(1) Subject to Subsection (3), a person other than the Central Bank who, except with the authority of the Central Bank—

- (a) buys or borrows any foreign currency from a person other than the Bank; or
- (b) sells or lends any foreign currency to a person other than the Bank; or



(c) exchanges any foreign currency with a person other than the Bank,
is guilty of an offence.

(2) Subject to Subsection (3), a person other than the Central Bank, who, except with the authority of the Bank, is a party to a transaction having the effect of a transaction prohibited by Subsection (1) is guilty of an offence.

(3) The Central Bank may give authority to an authorized dealer to do any thing or be a party to any transaction referred to in Subsection (1) or (2) and those subsections do not apply to a thing done or transaction entered into in accordance with the authority.

(4) A person permitted to buy, borrow, sell, lend or exchange foreign currency under this section who enters into a transaction that provides for the conversion of Papua New Guinea currency into foreign currency, or vice versa, at a rate of exchange other than any rate of exchange fixed or authorized by the Central Bank and in force for the time being is guilty of an offence.

(5) Where any foreign currency is made available to a person by the Central Bank or by an authorized dealer—

(a) for use for a specified purpose; or

(b) subject to conditions,

he must not use the foreign currency otherwise than for that purpose, or fail or refuse to comply with the conditions, as the case may be.

7. Transfer or removal of currency out of Papua New Guinea.

(1) Subject to Subsection (2), a person other than the Central Bank who, except with the authority of the Bank or an authorized dealer, takes or sends, or attempts to take or send, out of Papua New Guinea—

(a) any Papua New Guinea currency; or

(b) any foreign currency other than foreign currency obtained in accordance with an authority granted under Section 6,

is guilty of an offence.

(2) Subsection (1) does not apply to a money order issued at a post office in Papua New Guinea and payable outside Papua New Guinea.

(3) Where the authority of the Central Bank or of an authorized dealer is given to any person for the taking or sending out of Papua New Guinea of any Papua New Guinea currency for a specified purpose or subject to conditions, he must not use the currency otherwise than for that purpose, or fail or refuse to comply with the conditions, as the case may be.

8. Money orders. (*Repealed by No. 17 of 1976.*)

9. Control of certain payments and transactions.

(1) In this section, "valuable consideration" includes a sum of money, goods, property of any kind including land securities and a right to the performance of a service.

(2) For the purposes of this section—

(a) subject to Paragraph (b), a corporation incorporated outside Papua New Guinea shall be deemed to be a person resident outside Papua New Guinea; and

(b) unless the Central Bank otherwise determines, the head office or a branch in Papua New Guinea of a corporation incorporated outside Papua New Guinea, shall be deemed not to be a person resident outside Papua New Guinea; and

(c) the making of a book entry or other statement recording a debit against the head office, or a branch, in Papua New Guinea, of a corporation, in favour of the head office, or a branch, of the corporation outside Papua New Guinea, shall be deemed to be the placing of a sum to the credit of a person resident outside Papua New Guinea.

(3) A person who, except with the authority of the Central Bank or an authorized dealer—

(a) makes a payment to, by the order of or on behalf of a person resident outside Papua New Guinea, or places a sum to the credit of any such person; or

(b) acknowledges a debt in such a manner that a right (whether actual or contingent) to receive a payment or any valuable consideration, whether in Papua New Guinea or elsewhere, is created or transferred in favour of a person resident outside Papua New Guinea; or

(c) acquires, disposes of or otherwise deals with any valuable consideration in favour of a person resident outside Papua New Guinea,

is guilty of an offence.

(4) A person who, except with the authority of the Central Bank, makes or receives any payment or performs any service, related to, or associated with, the acquisition by any person of any valuable consideration out of Papua New Guinea is guilty of an offence.

(5) This section does not prevent—

- (a) any payment by the Central Bank, or by an authorized dealer, to a person not resident outside Papua New Guinea; or
- (b) the making of any payment associated with an act permitted or authorized under Section 6, 7 or 8.

10. Borrowings from outside residents.

A person who, except with the authority of the Central Bank, borrows Papua New Guinea currency from, or lends Papua New Guinea currency to, a person resident outside Papua New Guinea is guilty of an offence.

11. Blocked accounts.

(1) In this section, "blocked account" means an account conducted with the Central Bank, or with an authorized dealer, declared by the Bank to be a blocked account, but does not include an account the Bank declares to be no longer a blocked account.

(2) Where under this Part authority is required for the making of a payment to, or the placing of a sum to the credit of, a person resident outside Papua New Guinea, the Central Bank may direct that the sum be paid or credited to a blocked account, and in that event any such payment or credit shall be made accordingly.

(3) A person who, except with the authority of the Central Bank—

- (a) makes any payment out of, or is a party to any transaction having the effect of making a payment out of, a blocked account; or
- (b) assigns or charges any money standing to the credit of a blocked account; or
- (c) makes any change in the name in which a blocked account stands,

is guilty of an offence.

(4) Where the Central Bank directs that a sum be paid or credited to a blocked account, compliance is a good discharge to the person making the payment or credit to the extent of the sum paid or credited.

12. Specified currency.

(1) Subject to this section, the Central Bank, by order in the National Gazette, may declare any foreign currency to be a specified currency and while the order remains in force every person in Papua New Guinea, other than the Bank or an authorized dealer, who owns or is entitled to sell or procure the sale of any specified currency must offer, or cause to be offered, the specified currency for sale to the Bank, unless—

- (a) the Bank consents to his retention and use of it; or
- (b) he disposes of it to any other person with the authority of the Bank.

(2) If a person has—

- (a) obtained the consent of the Central Bank to the retention and use of any specified currency; and
- (b) stated in an application for the consent that he requires the specified currency for a particular purpose,

and no longer requires the specified currency for that purpose, Subsection (1) has effect as if the consent of the Bank to the retention and use of the specified currency had been revoked.

(3) Subject to Subsection (2), a person who acquires any specified currency from the Central Bank, or from an authorized dealer, shall be treated, for the purposes of this section, as having received the consent of the Bank to his retention and use of it for the particular purpose for which it was made available to him.

(4) The period of time within which, and the terms on which, a specified currency shall be offered for sale to the Central Bank is as prescribed in the order of the Bank.

(5) In accepting an offer for sale under this section, the Central Bank may direct that the specified currency concerned, or any part of it, be sold to an authorized dealer.

(6) Where a person is required by this section to offer, or cause to be offered, any specified currency for sale to the Central Bank, he shall not be deemed to comply with that requirement if the offer made is an offer to sell—

(a) at a price exceeding the price fixed or authorized by the Bank and in force at the time; or

(b) without payment of any usual and proper charges of the Bank or the authorized dealer,

or otherwise on unusual terms.

(7) A person who fails or refuses to comply with the requirements of this section is guilty of an offence.

Division 3.—Security and Foreign Securities Control.

13. Issue or dispatch of securities.

(1) A person who, except with the authority of the Central Bank—

(a) allots, issues, transmits or transfers any securities to a person resident outside Papua New Guinea; or

(b) makes an entry in a register that recognizes or gives effect to the allotment, issue, transmission or transfer of any securities to a person resident outside Papua New Guinea,

is guilty of an offence.

(2) In Subsection (1), "transfer" includes transfer by way of loan or security.

(3) A person who, except with the authority of the Central Bank—

(a) takes or sends, or attempts to take or send, any securities out of Papua New Guinea; or

(b) transmits or transfers any securities from a register in Papua New Guinea to a register outside Papua New Guinea; or

(c) makes an entry in a register that recognizes or gives effect to the transmission or transfer of securities from a register outside Papua New Guinea to a register in Papua New Guinea,

is guilty of an offence.

14. Foreign securities.

(1) Subject to Subsection (2), a person, other than the Central Bank or an authorized dealer, who, except with the authority of the Bank, acquires, disposes of or otherwise deals with any foreign securities, whether within or outside Papua New Guinea, is guilty of an offence.

(2) Subsection (1) does not apply to the acquisition of foreign securities otherwise than for valuable consideration.

15. Returns of foreign securities.

(1) Subject to any exceptions specified in the notice, the Central Bank may, by notice in the National Gazette, require every person—

- (a) who, on or after the publication of the notice, owns or has any interest in; or
- (b) who has, during any period specified in the notice, owned or had any interest in,

foreign securities of a class specified in the notice to furnish a return to the Bank giving such particulars with respect to the securities as are specified in the notice.

(3) A person who fails or refuses to furnish a return as required under Subsection (1) within the period specified in the notice, or within such longer period as the Central Bank allows, is guilty of an offence.

Division 4.—Control of Proceeds of Exports.

16. Interpretation of Division 4.

Unless the contrary intention appears, expressions used in this Division that are defined in the *Customs Act* have the same respective meanings as in that Act.

17. Exceptions.

(1) The Head of State, acting on advice, may except from the application of this Division any goods or the goods included in any class of goods.

(2) Without prejudice to the generality of Subsection (1), the exception of any goods from the application of this Division may be limited to—

- (a) any goods intended solely for use or consumption in any place specified; or
- (b) any goods to be exported in a manner, or at or within a time, specified.

(3) The Head of State, acting on advice, may revoke or vary any exception made under this section.

18. General restrictions on export.

(1) Subject to this Part, a person who exports any goods from Papua New Guinea without the authority of the Central Bank is guilty of an offence.

(2) Subsection (1) applies notwithstanding that authority for the exportation of the goods is in force under some other law.

(3) The authority of the Central Bank under Subsection (1) may be in the form of a general authority or a specific authority.

(4) A general authority permits the export of goods on the basis specified in the authority, and shall be published in the National Gazette.

(5) A specific authority permits the person specified in the authority to export particular goods, in one or more consignments, in the quantities, by the method of dispatch, and from the place, specified in the authority.

(6) A person who exports goods from Papua New Guinea with the authority of the Central Bank must comply with all the terms and conditions of the relevant authority.

19. Additional documentation and information.

(1) In this section, "Customs officer" means the Comptroller, a Collector or an officer authorized by the Comptroller or a Collector to act as a Customs officer for the purposes of this section.

(2) A Customs officer may require any person exporting goods, or making entry of goods for export, to deliver such documentation and information as the officer thinks necessary in respect of the exportation of the goods, for the purposes of satisfying the officer regarding compliance with the provisions of this Part in relation to the goods.

(3) A person who fails or refuses to deliver all available documents and information required under Subsection (2) is guilty of an offence.

20. Security.

(1) If required by the Head of State, acting on advice, a person who wishes to export goods from Papua New Guinea to a destination in any country shall give security for compliance with the terms and conditions of the relevant authority.

(2) Unless the Head of State, acting on advice, otherwise determines, a security required under Subsection (1) shall be—

- (a) by bond in the form in the Schedule, executed by the person wishing to export the goods and by one or more sureties approved by the Head of State, acting on advice; and
- (b) in a sum equal to twice the estimated value of the goods concerned at the time and place of export.

21. Fulfilment of arrangements.

A person who has made, for any of the purposes of this Division, any arrangements in relation to payment for goods exported—

- (a) must take all reasonable steps to ensure that the arrangements are fulfilled; and
- (b) must not, except with the authority of the Central Bank, cancel or alter the arrangements.

*Division 5.—Miscellaneous.***22. Currency or property retained or obtained in contravention of Part II.**

(1) Subject to this section, where a person—

- (a) has not sold to the Central Bank, or to an authorized dealer, any foreign currency that, by this Regulation or the terms or conditions of any authority granted by the Bank, is required to be sold to the Bank or an authorized dealer; or
- (b) has not complied with any order of the Bank under Section 12 to offer, or cause to be offered, any specified currency for sale to the Bank,

a court may, in addition to any other penalty, direct that the foreign currency or specified currency, as the case may be, vest in the Bank, subject to Subsection (4).

(2) Subject to this section, where a person has acquired, directly or indirectly, any property by reason of a contravention of any of the provisions of this Part, including

non-compliance with the terms or conditions of any authority under this Regulation, a court may, in addition to any other penalty—

- (a) direct the person to sell, or procure the sale of, the property; and
- (b) by the same or a subsequent direction specify—
 - (i) the manner in which; and
 - (ii) the person to whom; and
 - (iii) the terms on which,the property shall be sold.

(3) Where a person fails or refuses to comply with a direction under Subsection (2), the court may, subject to Subsection (5), direct that the property vest in the Central Bank.

(4) Where, under Subsection (1), a court directs that foreign currency or specified currency vest in the Central Bank, it vests in the Bank free from any mortgage, pledge or charge, and the Bank may deal with it as the Bank thinks fit, but the Bank shall pay to the person who would, but for the vesting, be entitled to the foreign currency or specified currency, as the case may be, a sum in Papua New Guinea currency fixed by the court, not being less than 90% of the amount that he would have received for it if he had sold it to the Bank at the time when the vesting occurred.

(5) Where, under Subsection (3), a court directs that any property vest in the Central Bank, it vests in the Bank free from any mortgage, pledge or charge, and the Bank may deal with it as the Bank thinks fit, but the Bank shall pay to the person who would but for the vesting be entitled to the property, a sum in Papua New Guinea currency fixed by the court not being less than 90% of the amount that, in the opinion of the court, represents the value of the property in the country in which it is situated at the time when the vesting occurred.

(6) This section does not prejudice the application of Section 33 in respect of any contravention of the provisions of this Regulation and, except to the extent that a court has ordered forfeiture under the powers contained in that section, that section does not prejudice the application of any of the provisions of this section.

PART III.—GOLD.

23. Application.

(1) In this section, "wrought gold" means gold and gold alloys that on view have apparently been worked or manufactured for professional trade purposes, and includes the waste products arising from the working or manufacturing of gold alloys for professional or trade purposes.

(2) This Part does not apply to—

- (a) wrought gold, not being wrought gold worked or manufactured in contravention of this Regulation; or
- (b) gold coins, the total value of the gold content of which does not exceed K50.00.

24. Transfer of gold into or out of Papua New Guinea.

A person who, without the consent in writing of the Central Bank, takes or sends any gold out of Papua New Guinea or brings any gold into Papua New Guinea is guilty of an offence.

25. Sale of gold.

Subject to this Regulation, a person who has any gold in his possession or under his control, not being gold lawfully in his possession for the purpose of it being used or worked by him in connexion with his profession or trade, must, within one month after the gold comes into his possession or under his control, sell the gold to—

- (a) the Central Bank; or
- (b) a person appointed to be an authorized dealer for the purpose of this section; or
- (c) with the written consent of the Bank, a person resident outside Papua New Guinea.

26. Limitation on purchase of gold.

(1) Subject to Subsection (2), a person other than the Central Bank or a person appointed to be an authorized dealer for the purpose of this section, who buys or otherwise obtains gold from any person is guilty of an offence.

(2) A person may buy gold for the purpose of its being worked or used by him in connexion with his profession or trade if the gold is purchased from—

- (a) the Central Bank; or
- (b) a person appointed to be an authorized dealer for the purpose of this section; or
- (c) with the written consent of the Bank, a person resident outside Papua New Guinea.

27. Limitation on working of gold.

A person who works or uses in manufacture any gold, not being gold lawfully in his possession for the purposes of being worked or used by him in connexion with his profession or trade, is guilty of an offence.

PART IV.—MISCELLANEOUS.

28. Authorities by Central Bank and compliance with undertakings.

(1) Subject to any directions of the Head of State, acting on advice, the grant of any authority by the Central Bank under this Regulation is in the absolute discretion of the Bank, and the authority may be granted—

- (a) unconditionally; or
- (b) subject to such conditions as the Bank thinks necessary for the purposes to which this Regulation is directed.

(2) Where the authority of the Central Bank is granted subject to conditions, a person who does not comply with all such conditions that are applicable to him is guilty of an offence.

(3) Where a person gives an undertaking in an application for authority of the Central Bank in respect of any matter the subject of this Regulation and the authority of the Bank is given in whole or in part, if he does not comply with the terms of any relevant undertaking he is guilty of an offence.

(4) Subject to any directions of the Head of State, acting on advice, the Central Bank may revoke or vary any authority granted by it under this Regulation.

29. Travellers taking, etc., gold out of Papua New Guinea.

(1) In this section—

“officer” means an officer within the meaning of the *Customs Act* or a member of the Police Force, and includes a person authorized by the Central Bank to act as an officer for the purposes of this section;

“traveller” means a person who is about to leave Papua New Guinea.

(2) A traveller, if requested to do so by an officer, must—

(a) declare whether or not he has with him any gold or anything prohibited by Part II. from being exported, taken or sent out of Papua New Guinea; and

(b) produce any gold or any such thing that he has with him.

(3) An officer, and any person acting under the directions of an officer, may—

(a) search the traveller; and

(b) examine and search any article that the traveller has with him,

for the purpose of ascertaining if he has with him any gold or any thing prohibited by Part II. from being exported, taken or sent out of Papua New Guinea.

(4) A person shall not be searched under Subsection (3) except by a person of the same sex.

(5) An officer, and any person acting under the directions of an officer, may—

(a) go on board any vessel, vehicle or aircraft for the purpose of exercising the powers conferred on him by this section; and

(b) examine or search the vessel, vehicle or aircraft and anything found on or in it,

for the purpose of ascertaining whether any gold or thing is on board the vessel, vehicle or aircraft for the purpose of being taken or sent out of Papua New Guinea in contravention of this Regulation.

(6) An officer may seize any gold or any thing found during an examination or search under Subsection (3) or (5) that in the opinion of the officer is in the possession of a traveller or on board the vessel, vehicle or aircraft, for the purpose of being taken or sent out of Papua New Guinea in contravention of this Regulation.

30. Power to obtain information.

(1) The Head of State, acting on advice may, by written notice served on any person (including any person employed in or in connexion with any Government department or public authority), require the person—

(a) to furnish to the Central Bank such information as the Bank requires with respect to any act, transaction, matter or thing to which any provision of this Regulation applies; and

(b) to produce books, documents and other records in his custody or under his control relating to it.

(2) A person who—

(a) refuses or fails to comply with any requirement made under Subsection (1);
or

- (b) with intent to evade any of the provisions of this Regulation, destroys, mutilates, hides or removes any book, document or other record,

is guilty of an offence.

(3) A person may not refuse—

- (a) to furnish information; or
- (b) to produce a book, document or record,

when required to do so under this section, on the ground that it might tend to criminate him or make him liable to a penalty, but the information, book, document or record is not admissible on any proceedings against him other than proceedings under Subsection (2)(a) or Section 31.

(4) Subsection (3) does not apply in relation to a requirement under Subsection (1) relating to gold.

31. False statements.

A person who makes—

- (a) to the Head of State; or
- (b) to an officer (including an officer within the meaning of Section 29); or
- (c) to an officer of the Central Bank or authorized dealer,

any statement, whether oral or in writing, relating to any act, transaction, matter or thing to which this Regulation applies, that—

- (d) he knows to be untrue in any particular; or
- (e) is misleading in any particular; or
- (f) is made by him without his having first made proper inquiries to ascertain its truth,

is guilty of an offence.

32. Evasion of this Regulation.

A person who makes or enters into any arrangement, whether oral or in writing, for the purpose of, or that has the effect of, directly or indirectly defeating, evading or avoiding, or preventing the operation of, this Regulation in any respect, is guilty of an offence.

33. Penalties.

(1) A person who commits an offence against, or fails or refuses to comply with, any of the provisions of this Regulation is liable—

- (a) on summary conviction—to a fine not exceeding K200.00 or imprisonment for a term not exceeding six months, and a default penalty of a fine not exceeding K10.00; and
- (b) on conviction on indictment—to a fine not exceeding K10 000.00 or imprisonment for a term not exceeding five years, and a default penalty of a fine not exceeding K500.00.

(2) In addition to any other punishment, a court may, if it thinks fit, order the forfeiture of any gold, Papua New Guinea currency, foreign currency, securities or goods in respect of which an offence against this Regulation has been committed, whether or not

(except in the case of gold) the person who committed the offence or another person is the owner.

SCHEDULE.

PAPUA NEW GUINEA.

Central Banking Act.

BOND.

Reg., Sec. 20.

Know all men by these presents that we (full name of person wishing to export goods), of (address), (occupation), (in this bond called "the exporter") and (full name of first surety), of (address), (occupation), and (full name of second surety), of (address), (occupation), are jointly and severally held and firmly bound unto the Independent State of Papua New Guinea in the sum of K to be paid to the State, for which payment to be well and truly made we bind ourselves jointly, and each of us severally, and respectively our and each of our executors and administrators, firmly by these presents. Sealed with our seals and dated 19 .

Whereas the above-bonded exporter is desirous of exporting from Papua New Guinea the goods specified below :-

Now the condition of the above-written bond or obligation is that if the exporter and all other persons bound by the bond punctually and faithfully observe and comply with the terms and conditions of the general authority or the specific authority in terms of which the goods are to be exported, then this bond becomes void and of no effect, but otherwise the same remains in full force and effect:

Provided always that no extension of time or other indulgence granted to the exporter for compliance with any terms or conditions of the general authority or specific authority in terms of which the goods are to be exported, and no neglect or forbearance to enforce such compliance, in any way releases any person bound by this bond, or his executors or administrators, from his or their liability under this bond, and no waiver of any one or more of the terms or conditions affects the liability of the exporter or any other person bound by this bond, or his or their respective executors or administrators, from his or their liability under this bond.

Signed, sealed and delivered by the (exporter) in the presence of—
Signed, sealed and delivered by the (first surety) in the presence of—
Signed, sealed and delivered by the (second surety) in the presence of—

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Bank (Prescribed Liabilities) Regulation.

ARRANGEMENT OF SECTIONS.

1. Prescribed Liabilities.

44 . 1

Prepared for inclusion as at 1/1/1982.

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Bank (Prescribed Liabilities) Regulation.

MADE under the *Central Banking Act.*

1. Prescribed Liabilities.

For the purpose of Section 35(3) of the Act, foreign liabilities incurred under a term letter of credit established by Papua New Guinea domiciled persons are prescribed liabilities.

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

Central Bank (Statutory Appointees' Provident Fund) Regulation.

ARRANGEMENT OF SECTIONS.

1. Interpretation—
 "accumulated contributions"
 "contributor"
 "the Fund".
2. Establishment.
3. Management.
4. Contributors.
5. Interest on contributions.
6. Retirement benefits.
7. Death benefit.
8. Cessation of right to payment.

INDEPENDENT STATE OF PAPUA NEW GUINEA.

CHAPTER NO. 138.

***Central Bank (Statutory Appointees' Provident Fund)
Regulation.***

MADE under the *Central Banking Act*.

1. Interpretation.

In this Regulation, unless the contrary intention appears—

“accumulated contributions” means the contributions paid by a contributor to the Fund, together with interest payable under Section 5;

“contributor” means a Governor or Deputy Governor of the Central Bank who is contributing or has contributed to the Fund;

“the Fund” means the Bank of Papua New Guinea Statutory Appointees' Provident Fund established by Section 2.

2. Establishment.

A fund to be known as the Bank of Papua New Guinea Statutory Appointees' Provident Fund is hereby established.

3. Management.

(1) Subject to this Regulation, the Fund shall be administered by a Secretary to the Fund.

(2) The Secretary to the Fund shall be appointed by the Board.

4. Contributors.

(1) The Governor and Deputy Governor of the Bank, while holding their respective offices, may, at their option, contribute to the Fund.

(2) Contributions shall be at the rate of $7\frac{1}{2}\%$ of salary.

5. Interest on contributions.

On 30 June in each year, there shall be added to the contributions of each contributor interest calculated at the rate of 5% per annum, or such higher rate as the Board from time to time determines, on his average daily balance during the year ending on that day.

6. Retirement benefits.

(1) A contributor who ceases to hold office after having made contributions for a minimum period of five years shall be paid from the Fund an amount equal to the sum of—

(a) the amount of his accumulated contributions; and

(b) an amount from the Central Bank equal to twice that amount.

(2) A contributor who ceases to hold office after having made contributions for less than five years shall be paid from the Fund his accumulated contributions, but no additional payment shall be made by the Central Bank unless the Board determines otherwise.

7. Death benefit.

(1) On the death of a contributor while holding office, there shall be paid from the fund an amount equal to the sum of—

(a) his accumulated contributions; and

(b) an amount from the Central Bank equal to twice that amount,

to the next of kin of the contributor or to such other person or persons as he has previously nominated in writing.

(2) On the death of a contributor while holding office, where there is no next of kin or other person nominated by the contributor the Board may direct that there shall be paid to a person who, in the opinion of the Board, was dependent on the contributor at the date of his death, to his legal representative or to a person or persons approved by the Board, as the Board determines, a total amount calculated in accordance with Subsection (1).

8. Cessation of right to payment.

(1) If at the time when a payment from the Fund becomes due—

(a) the person to whom the payment would otherwise be made is bankrupt or insolvent; or

(b) the amount of the payment is, in whole or part, the subject of an assignment or purported assignment, or of a charge or purported charge of any description; or

(c) the amount of the payment would otherwise become, in whole or in part, available to the creditors of the person to whom the payment would otherwise be made,

the right to the payment ceases.

(2) In a case to which Subsection (1) applies, the Board may, if in its discretion it thinks it proper to do so, pay the whole or part of the amount of the payment to or for the benefit of such person as the Board thinks proper, and in such manner as the Board thinks proper.

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SUBSIDIARY LEGISLATION.

1. Act, Section 35(1)(b)— Approval of governments.
Government of Australia.
2. Act, Section 45—Par value of kina.
One kina (K1.00) = one Australian dollar (\$A1.00).
3. Act, Section 48—Denominations and other characteristics of currency notes and coins issued by Central Bank.

1. BANKNOTES.

2 Kina—140 mm × 70 mm.

5 Kina—145 mm × 72.5 mm.

10 Kina—150 mm × 75 mm.

The paper used is mould made panel banknote paper with a substance of 83 g/m² into which is incorporated a formal watermark of the Bank of Papua New Guinea's logo and metallic security thread.

All the banknotes feature the National Emblem on the front. Each note is distinguished by the different background tints surrounding the Emblem, which depict various traditional motifs.

(a) Two Kina (K2).

- (i) *Front*:—The background tints surrounding the National Emblem on the front of the note comprise a tapa cloth from the Central Province, a Mount Hagen axe, a club from the Huon Gulf area, a clay pot from the Sepik, a shield from the Madang area, a marriage bed from Manus Island and a shield from the Upper Sepik region.

The designs surrounding the numerals represent local lineal art patterns in modern style and do not interpret any particular subject.

- (ii) *Back*:—The back of this banknote features four main items: a Mount Hagen axe, a kula arm band from the Milne Bay Province, engraved dogs' teeth from the Bougainville area and a clay pot from the Sepik. The back-ground tints comprise patterns taken from a tapa cloth from the Northern Province, waiste bands from the Gulf Province, a canoe from the Trobriand Islands, a shield from the Sepik area, a canoe from the West Sepik area, a Madang shield and clubs from the Huon Gulf region.

The patterns used to surround the numerals in local artwork are based on a bird design.

(b) Five Kina (K5).

- (i) *Front*:—The background tints surrounding the National Emblem on the front of this banknote comprise patterns taken from the following items: a shield from the Gulf Province, a Sepik clay pot and Ramu River shields from the Madang area. The patterns surrounding the numerals are based on a slaughtered pig design.
- (ii) *Back*:—The main designs on the back of the banknote comprise four items of traditional Papua New Guinea "currencies": a Hombuli mask which is used for bridal payments in the Sepik area, a kina shell from the Highlands, a shell necklace from the Milne Bay area and a shell necklace woven with seeds found in the New Ireland Province. The background tints for this design consist of a Northern Province tapa cloth, a Milne Bay shield and tortoise shell bracelets from the Huon Gulf area.

The patterns used to surround the numerals are based on a mask design together with an illustration of a bird.

(c) Ten Kina (K10).

- (i) *Front*:—The background tints surrounding the National Emblem on the front of this banknote include patterns taken from the following items: a canoe from the Milne Bay Province, Sepik spears, a Madang shield, designs based on patterns seen on a bow from the Highlands, a Sepik house post and wook carvings from the New Ireland area. The patterns surrounding the numerals are based on an illustration of a bird.
- (ii) *Back*:—The main design on the back of this banknote is composed of the following items: a Tami bowl, a bird of paradise skin, tambu shell money from the New Britain area and boars tusks from the Highlands.

The pattern surrounding the numerals is based on a representation of a bird and a fish.

The background tints for this banknote include patterns taken from a Gulf shield, a ceremonial dance paddle from Bougainville, a Sepik clay pot, a Gulf bark belt and marriage bed posts from the Manus Province.

2. COINS.

Denomination.	Diameter mm.	Standard Weight g.	Tolerance Weight g +.	Maximum Thickness mm.	Edge.	Alloy.	Obverse Design. ¹
1 toea	17.65	2.07	.13	1.42	Plain	Bronze	Paradise Bird-wing Butterfly
2 toea	21.72	4.15	.20	1.78	Plain	Bronze	Butterfly Cod
5 toea	19.53	2.83	.13	1.55	Milled	Cupronickel	Plateless Turtle
10 toea	23.72	5.65	.20	1.98	Milled	Cupronickel	Cus-Cus
20 toea	28.65	11.30	.33	2.52	Milled	Cupronickel	Cassowary
1 Kina ²	33.00	14.52	.40	2.60	Milled	Cupronickel	Crocodiles
5 Kina ³	40.00	27.53	.90	2.87	Milled	Cupronickel	New Guinea Eagle
10 Kina ³	45.00	42.12	1.40	2.94	Milled	Cupronickel	Bird of Paradise over Southern Cross
100 Kina	27.70	9.76	— ⁴	— ⁴	— ⁴	900/1 000 fine gold	Portrait of Prime Minister, Mr. M. T. Somare M.H.A.

Notes:

¹ The design on the coins, except the 1 and 100 Kina coins, is the National Emblem. The reverse of the 1 Kina coin is the Bank of Papua New Guinea's logo; the reverse of the 100 Kina coin has the Bird of Paradise over the Southern Cross.

² The 1 Kina coin has a central hole of 6.9 mm diameter.

³ The 5 and 10 Kina coins minted in proof quality are minted in .500 and Sterling silver respectively. These are special issues commemorating the year of Independence and have limited circulation.

⁴ Not given in Gazette.

4. Foreign Exchange and Gold Regulation, Section 2(a)—Authorized dealers in foreign exchange.

Australia and New Zealand Banking Group Limited.

Bank of New South Wales (PNG) Limited.

Bank of South Pacific Limited.

Commonwealth Trading Bank of Australia.

Papua New Guinea Banking Corporation.

5. Foreign Exchange and Gold Regulation, Section 5—Countries to which Part II. applies.

Australia.

6. Foreign Exchange and Gold Regulation, Section 18—General authority to export goods.

General authority for the export of goods from Papua New Guinea to a destination in any country other than Southern Rhodesia where—

(a) payment has been received within six months before the date of export; or

(b) arrangements have been made for payment to be received within six months after the date of export,

in Papua New Guinea currency from an account, with a bank in Papua New Guinea, of a bank domiciled out of Papua New Guinea and Australia, or in any foreign currency.

Conditions.

Subject, in each case, to the following conditions:—

- (a) payment in respect of the goods being made in cash representing the whole consideration received or receivable; and
- (b) the sale price of the goods not being less than the price that an exporter from Papua New Guinea might reasonably have expected (regard being had to the terms of the transaction) to obtain for the goods for export to the destination involved at the date when they were sold or contracted to be sold; and
- (c) unless otherwise authorized by the Central Bank, foreign currency proceeds being sold, forthwith on receipt, to the Bank or an authorized dealer in Papua New Guinea appointed by the Bank in respect of all the provisions of the Foreign Exchange Regulations.

General Information.

1. Persons exporting goods, not excepted from the application of provisions of the *Central Banking (Foreign Exchange and Gold) Regulation* relating to foreign exchange and not in conformity with the provisions and conditions of the general authority stated above, must be in possession of a specific authority from the Central Bank.
2. Notwithstanding any authority under, or exception from the application of, the provisions of the *Central Banking (Foreign Exchange and Gold) Regulation* relating to foreign exchange in respect of the exportation of goods, no person is absolved from any obligation to comply with any other law relating to the exportation of goods, and the grant of an authority for the exportation of goods under any other law does not absolve a person from compliance with any requirements of the provisions of the *Central Banking (Foreign Exchange and Gold) Regulation* relating to foreign exchange relating to the exportation of goods.

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APPENDIXES.

APPENDIX 1.

SOURCE OF THE CENTRAL BANKING ACT.

Part A.—Previous Legislation.

Central Banking Act 1973 (No. 72 of 1973)

as amended by—

Central Banking (Currency) Act 1975 (No. 11 of 1975)

Central Banking (Further Amendment) Act 1975 (No. 112 of 1975)

Central Banking (Amendment) Act 1976 (No. 53 of 1976)

Central Banking (Amendment) Act 1977 (No. 1 of 1977)

Central Banking (Amendment) Act 1979 (No. 33 of 1979)

Central Banking (Amendment) Act 1980 (No. 1 of 1980).

Part B.—Cross References.

Section, etc., in Revised Edition.	Previous Reference ¹ .	Section, etc., in Revised Edition.	Previous Reference ¹ .
1	5	22	25
2	6(1)	23	26
3	6(2), (3)	24	27
4	7	25	28
5	8	26	29
6	9	27	30
7	10	28	31
8	11	29	32
9	12	30	33
10	13	31	34
11	14	31A	34A
12	15	32	35
13	16	33	36
14	17	34	37
15	18	35	38
16	19	36	39
17	20	37	40
18	21	38	41
19	22	39	42
20	23	40	43
21	24	41	44

¹Unless otherwise indicated, references are to the Act set out in Part A.

Part B.—Cross References—*continued.*

Section, etc., in Revised Edition.	Previous Reference.	Section, etc., in Revised Edition.	Previous Reference.
42	45	59	62
43	46	60	63
44	47	61	64
45	48	61A	64A
46	49	62	65
47	50	63	66
48	51	64	67
49	52	65	68
50	53	66	69
51	54	67	70
52	55	68	71
53	56	69	72
54	57	70	73
55	58	Schedules—	Schedules—
56	59	Schedule 1	First Schedule
57	60	Schedule 2	Second Schedule
58	61		

APPENDIX 2.

SOURCE OF THE CENTRAL BANKING (FOREIGN EXCHANGE AND GOLD)
REGULATION.

Part A.—Previous Legislation.

1. Central Banking (Gold) Regulations 1973 (Statutory Instrument No. 45 of 1973).
2. Foreign Exchange Regulations (Statutory Instrument No. 46 of 1973)
as amended by—
Foreign Exchange (Validity of Transactions) Regulation 1976 (Statutory Instrument No. 17 of 1976).

Part B.—Cross References.

Note —In this table—

- (a) references "Gold" are references to the Central Banking (Gold) Regulations 1973; and
- (b) references "Foreign Exchange" are references to the Foreign Exchange Regulations,

respectively set out in Part A.

Section, etc., in Revised Edition.	Previous Reference ¹ .	Section, etc., in Revised Edition.	Previous Reference ¹ .
1	Foreign Exchange 3 (in part), Gold 2	20	Foreign Exchange 18
2	Foreign Exchange 23, Gold 5	21	Foreign Exchange 19
3	Foreign Exchange 27, Gold 4	22	Foreign Exchange 29
4	Foreign Exchange 3, 4	23	Gold 3
5	Foreign Exchange 4	24	Gold 6
5A	Foreign Exchange 27A	25	Gold 7
6	Foreign Exchange 5	26	Gold 8
7	Foreign Exchange 6	27	Gold 9
8	Foreign Exchange 7	28	Foreign Exchange 24, Gold 12
9	Foreign Exchange 8	29	Foreign Exchange 21, Gold 11
10	Foreign Exchange 9	30	Foreign Exchange 22, Gold 10
11	Foreign Exchange 10	31	Foreign Exchange 25, Gold 13
12	Foreign Exchange 11	32	Foreign Exchange 26, Gold 14
13	Foreign Exchange 12	33	Foreign Exchange 28, Gold 15
14	Foreign Exchange 13	Schedule	Foreign Exchange, Schedule
15	Foreign Exchange 14		
16	Foreign Exchange 15		
17	Foreign Exchange 20		
18	Foreign Exchange 16		
19	Foreign Exchange 17		

¹Unless otherwise indicated, references are to the regulations set out in Part A.

APPENDIX 3.

SOURCE OF THE CENTRAL BANK (STATUTORY APPOINTEES' PROVIDENT FUND) REGULATION.

Part A.—Previous Legislation.

Central Bank (Statutory Appointees' Provident Fund) Regulations 1973 (Statutory Instrument No. 52 of 1973).

Part B.—Cross References.

Section, etc., in Revised Edition.	Previous Reference ¹ .	Section, etc., in Revised Edition.	Previous Reference ¹ .
1	2	5	6
2	3	6	7
3	4	7	8
4	5	8	9

APPENDIX 4.

SOURCE OF THE CENTRAL BANK (PRESCRIBED LIABILITIES) REGULATION.

Part A.—Previous Legislation.

Central Bank (Prescribed Liabilities) Regulation (Statutory Instrument No. 38 of 1981).

Part B.—Cross References.

Section, etc., in Revised Edition.	Previous Reference ¹ .
1	—

¹Unless otherwise indicated, references are to the regulations set out in Part A.