

GOLD BILL KILLS PNG!



National Gold Corporation Bill's Impact on Mineral Resource Authority (MRA) and Bank of Papua New Guinea (BPNG)

The National Gold Corporation (NGC) Bill introduces the National Gold Authority, which could significantly affect the operations and responsibilities of the MRA and BPNG.

Following are conditions proposed in the NGC bill that would affect MRA and Central Bank functions:

Mineral Resource Authority (MRA)

- a. The bill proposes changes to Sections 2 and 30 of the MRA Act 2005. These changes include introducing terms from the National Gold Corporation Bill into the MRA Act 2005 and changing the word "exported" to "refined," and "exporter" to "owner" (Schedule 8). This change will meet the need for the National Gold Corporation Act to refine gold instead of exporting it. The other change of word is "exporter" to "owner." Meaning that the exporter of alluvial gold will now be the owner of alluvial gold when the Bill is passed as an Act (**Schedule 8 of National Gold Corporation Bill**).
- b. The Director of the National Gold Authority is given the power to halt any mining operations temporarily or permanently based on valid reasons. This could undermine the MRA's function under the Mineral Resources Authority (MRA) Act 2005, Section 5, which supports the operation of mines (**Sections 491, 492, and 496**).

Subdivision C. – Seizures of gold and other property.

496. SEIZURE ON INSPECTION.

Without limiting Sections 490 or 491, an Authorised officer may, in respect to any -

- (a) gold or gold goods; and
- (b) actual or suspected counterfeit items; and
- (c) any other property,

as the case may be, found during an inspection, examination or search conducted under Sections 490 or 491, that in the opinion of the Authorised officer is, or is likely to be, the subject of or involved in the commission of an offence, or is, or is likely, being held or dealt with in contravention of a provision of a relevant part -

- (a) seize, remove and take into custody; and
- (b) hold, quarantine, store or retain; and
- (c) fasten, lock, mark or seal; and
- (d) take for testing and sampling; and
- (e) all or any combination of the foregoing,

as the case may be, any such gold or gold goods, actual or suspected counterfeit items or other property.

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- c. The bill introduces exemptions for the National Gold Corporation or its staff when they own alluvial gold intended for refining under the National Gold Corporation Act. Section 30 of MRA Act 'Liability of Taxation' does not apply to the National Gold Corporation or its staff when they own alluvial gold intended for refining under the National Gold Corporation Act (**Schedule 8 of National Gold Corporation Bill**).
- d. The Director of the National Gold Authority is authorized to enter any premises, search, seize, and remove information or property, including gold goods. This could also undermine the MRA's function under the *MRA Act 2005, Section 5* (**Sections 491, 492, 493, and 496**).

Bank of Papua New Guinea (BPNG)

- a. The bill provides a similar role for the National Gold Authority that includes overseeing the processing, refining, import, export, and trading of gold in Papua New Guinea. This will undermine BPNG's authority to appoint individuals as Authorized dealers in foreign exchange or gold (*Section 2 of the Central Banking (Foreign Exchange and Gold) Regulation 2000*) (**Sections 359, 364, and 367**).
- b. The bill provides a similar role for the National Gold Authority, which could undermine BPNG's power to give written consent for the transfer of gold in and out of PNG and for gold to be sold to BPNG, an authorized dealer, and/or for buyers outside of PNG (**Sections 359, 364, and 367**).
- c. It limits BPNG's authority to impose restrictions or conditions under Section 82 of the *Central Banking Act*. When seeking permission from BPNG, individuals or entities must provide a tax clearance certificate to BPNG as evidence of tax compliance. However, Section 922 of the National Gold Corporation Bill will limit BPNG's authority to impose restrictions or conditions under Section 82 of the *Central Banking Act* (**Section 922**).
- d. Under the existing *Central Banking (Foreign Exchange and Gold) Regulation 2000*, the Bank of Papua New Guinea (BPNG) has the authority to grant approval for exporting alluvial gold. The Bill aims to remove this approval function from BPNG. Instead, it introduces a new process. The National Mint will now be responsible for granting approval related to alluvial gold, with the authority to accept or purchase it directly from the owner. This is to facilitate the refining of alluvial gold, as outlined in the National Gold Corporation Bill (**specifically Schedule 8**).

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- e. The bill restricts BPNG's power to manage monetary policy. This means that the BPNG Governor will not be able to issue written notices to the National Gold Bank to specify the minimum amount of liquid assets or certain transactions that this entity must hold or engage in concerning their deposits and other liabilities (**Section 923**).

923. CENTRAL BANKING ACT APPLICATION.

The Governor shall not exercise any power under Section 72 of the *Central Banking Act* in connection with the National Gold Bank, -

- (a) in a manner inconsistent with -
 - (i) this Act; or
 - (ii) the *Banks and Financial Institutions Act* as amended or modified in application by this Act; or
 - (iii) another provision of the *Central Banking Act*, or a determination made, or other act, under any such other provision of that Act, as amended or modified in application by this Act; or
- (b) without prior consultation with, and consent of, the Director-National Gold Bank and the Director-State Equity, and any such consent may be given subject to terms and conditions as the Director-National Gold Bank or the Director-State Equity may decide in their respective discretion.

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