

Chapter 134.  
***Loans Securities Act 1960.***

Certified on: / /20 .



INDEPENDENT STATE OF PAPUA NEW GUINEA.



Chapter 134.

*Loans Securities Act 1960.*

ARRANGEMENT OF SECTIONS.

**PART I – PRELIMINARY.**

1. Interpretation.
  - “association”
  - “debt”
  - “international finance agency”
  - “the National Debt Sinking Fund”
  - “the Registrar”
  - “Registry”
  - “stock”
  - “stock certificate”
  - “Treasury Bond”
2. Currency Equivalents.

**PART II – ADMINISTRATION.**

3. Appointment of Registrar, etc.
4. Establishment of registries.

**PART III – STOCK.**

*Division 1 – Creation and Issue.*

5. Creation of stock.
6. Conditions of Issue.
7. Redemption.
8. Cessation of interest.
9. Crediting of money to Loan Fund.

*Division 2 – Inscription, Transfer and Transmission.*

10. Inscription of stock.
11. Stock certificates.
12. Registered owners of stock.
13. Ownership by associations.
14. Trusts.

15. Equitable interests.
16. Stock in name of infant.
17. Receipts for interest.
18. Transfer to another Registry.
19. Transfer to another person.
20. Transmissions.
21. Delivery of stock certificate to Registrar on transfer or transmission.
22. Restrictions on, and on registration of, dealings.
23. Vesting orders.
24. Evidence of certain matters relating to stock.
25. Payment of judgements against the State in respect of stock.

#### **PART IV – TREASURY BONDS.**

26. Issue, etc.
27. Conditions of issue.
28. Numbering, signature, etc.
29. Transfer.
30. Payment.
31. Cessation of interest.
32. Lost, etc., Bonds.
33. Destruction of discharged Bonds.
34. Conversion of stock and Bonds.

#### **PART V – BORROWING BY AGREEMENT.**

35. Order authorizing borrowing by agreement.
36. Payment.

#### **PART VI – THE NATIONAL DEBT SINKING FUND.**

37. Interpretation of Part VI.–.
38. The Sinking Fund.
39. Calculation of net creation or reduction of debt.
40. Additional payments to Sinking Fund.
41. Moneys to be paid out of Consolidated Revenue Fund.
42. Time of payments to Sinking Fund.
43. References to Sinking Fund payments in loan prospectuses.
44. Application of Sinking Fund.
45. Investment of Sinking Fund.
46. Annual reports.

#### **PART VII – REDEMPTION AND CONVERSION OF LOANS.**

47. Interpretation of Part VII.
48. Paying off, etc., of loans.
49. Authority to borrow for purpose of paying off, etc.
50. Payment of money borrowed, cost of conversion of loans, etc.
51. Use of money borrowed under Part VII.

#### **PART VIII – OFFENCES.**

52. Forging or uttering stock certificates, etc.
53. Unlawful possession of stock certificates, etc.
54. Breach of conditions of Treasury Bonds.

55. Copying of Treasury Bonds.
56. Advertising use of Treasury Bonds.
57. Personation.
58. Falsification of books, etc., relating to stock.
59. Forfeiture.

**PART IX – MISCELLANEOUS.**

60. Trustee investment.
61. List of unclaimed interest.
62. Forms.
63. Powers of attorney.
64. Savings Stamps.
65. Regulations.



INDEPENDENT STATE OF PAPUA NEW GUINEA.



AN ACT

entitled

*Loans Securities Act 1960,*

Being an Act to provide for—

- (a) the issue of stock, bonds, debentures and other securities by the State; and
- (b) the paying-off, repurchasing, redeeming and converting of loans, and for related purposes.

**PART I. – PRELIMINARY.**

**1. INTERPRETATION.**

In this Act, unless the contrary intention appears—

**“association”** means—

- (a) a native body within the meaning of the *Income Tax Act 1959*; or
- (b) a trade or other union, or a branch of a union, or an association or body composed of or representative of employers or employees, registered or recognized under the *Industrial Organizations Act 1962* or a law of Australia, or of a State or Territory of Australia; or
- (c) a friendly society registered under a law of Papua New Guinea or of Australia, or of a State or Territory of Australia, relating to the registration of friendly societies;

**“debt”** means the public debt of Papua New Guinea;

**“international finance agency”** means—

- (a) the International Bank for Reconstruction and Development; or
- (b) the International Development Association; or

(c) the Asian Development Bank;

**“the National Debt Sinking Fund”** means the Sinking Fund referred to in Part VI.;

**“the Registrar”** means the Registrar of Stock or a Deputy Registrar of Stock appointed under Section 3;

**“Registry”** means a registry for the inscription of stock established under Section 4;

**“stock”** means Papua New Guinea Inscribed Stock;

**“stock certificate”** means a certificate of the ownership of stock issued under Section 11(1);

**“Treasury Bond”** includes—

(a) a Savings Certificate, a Special Bond, a Debenture and any other prescribed security; and

(b) a coupon, warrant or document issued in connection with a Treasury Bond.

## 2. CURRENCY EQUIVALENTS.

For the purposes of this Act, the equivalent in Papua New Guinea currency of an amount in any other currency is as determined by the Minister from time to time.



**PART II. – ADMINISTRATION.**

**3. APPOINTMENT OF REGISTRAR, ETC.**

(1)<sup>1</sup> <sup>2</sup>The Minister may appoint–

(a) a Registrar of Stock; and

(b) such Deputy Registrars of Stock as the Minister thinks necessary.

(2) This Act does not prevent a corporation being appointed as the Registrar of Stock or as a Deputy Registrar of Stock.

(3) Where–

(a) a corporation has been appointed as the Registrar; and

(b) any provision of this Act requires the Registrar to exercise a discretion, to satisfy himself as to any matter or to form an opinion,

the chief executive officer of the corporation, or any officer or employee of the corporation authorized for that purpose by the chief executive officer, may exercise the discretion, satisfy himself as to the matter or form the opinion, as the case requires.

**4. ESTABLISHMENT OF REGISTRIES.**

<sup>3</sup>The Minister may establish registries for the inscription of stock at such places as the Minister thinks proper.

---

<sup>1</sup> Section 3(1) amended by No. 25 of 1976, Schedule 16.

<sup>2</sup> Section 3(1) amended by No. 25 of 1976, Schedule 16.

<sup>3</sup> Section 4 amended by No. 25 of 1976, Schedule 16.

**PART III. – STOCK.*****Division 1.******Creation and Issue.*****5. CREATION OF STOCK.**

(1) The Head of State, acting on advice, may, by order—

- (a) create capital stock, to be called Papua New Guinea Inscribed Stock, for—
  - (i) raising, by way of loan, money the authority to borrow which is granted by an Act; or
  - (ii) converting a loan raised by the State into any other loan so raised; or
  - (iii) paying any expenses of carrying this Act into effect that, in the opinion of the Minister, are properly payable out of capital; and
- (b) authorize the Minister to issue the stock so created.

(2) Where—

- (a) the Head of State, acting on advice, has, under Section 35, authorized the Minister to borrow money by agreement for any of the purposes specified in Section 5(1)(a); and
- (b) the order specifies inscribed stock as the form of security,

the order shall be deemed to be an order—

- (c) creating capital stock for that purpose; and
- (d) authorizing the Minister to issue the stock so created.

**6. CONDITIONS OF ISSUE.**

(1) Stock shall be issued and sold at such prices, on such terms and conditions, in such amounts and in such manner as the Minister determines.

(2)<sup>4</sup> <sup>5</sup>The money secured by any stock and the interest on that money rank equally and without priority or preference, and is a charge on and payable out of the Consolidated Revenue Fund.

**7. REDEMPTION.**

(1) Stock is redeemable—

- (a) on or after a date specified by the Minister in a determination under Section 6; or

<sup>4</sup> Section 6(2) amended by *Appropriation (Administrative Arrangements) Act 1996* (No. 37 of 1996), s5.

<sup>5</sup> Section 6(2) amended by *Appropriation (Administrative Arrangements) Act 1996* (No. 37 of 1996), s5.

(b) by instalments of such amounts, and payable on such dates, as are specified in such a determination; or

(c) in accordance with Subsection (2).

(2) Stock redeemable after a date specified by the Minister in a determination under Section 6 may be redeemed by the Minister on such notice, and in such manner, as he directs.

#### **8. CESSATION OF INTEREST.**

After the expiration of the notice for the redemption of any stock, the interest on the stock specified in the notice ceases.

#### **9. CREDITING OF MONEY TO LOAN FUND.**

All money raised by the sale of stock shall be placed to the credit of the Loan Fund.

### *Division 2.*

#### *Inscription, Transfer and Transmission.*

#### **10. INSCRIPTION OF STOCK.**

(1) All stock issued under this Act shall be inscribed in a Stock Ledger at a Registry by entering in the Ledger the name of the owner of the stock, the amount of the stock and such other particulars as are prescribed.

(2) Stock shall not be inscribed in the names of more than four persons.

(3) Notwithstanding anything in this Act, stock may be inscribed in the name of an association.

#### **11. STOCK CERTIFICATES.**

(1) On demand by the owner of stock, the Registrar shall issue to him a certificate of the ownership of the stock.

(2) A stock certificate is evidence of the title of the holder to the stock specified in the certificate, but the want of a certificate does not prevent the owner of stock from disposing of the stock.

#### **12. REGISTERED OWNERS OF STOCK.**

The person whose name is inscribed in a Stock Ledger as the owner of stock shall be deemed to be the owner of the stock, and may—

(a) dispose of and transfer the stock subject to and in the manner provided by this Act; and

(b) give effectual receipts for money paid to him by way of consideration for or in respect of the stock.

**13. OWNERSHIP BY ASSOCIATIONS.**

(1) An application by an association for inscribed stock, and any documents prescribed by or under this Act and relating to that stock, shall be signed by two or more persons appointed for that purpose by the association.

(2) Transactions under this Act shall not be effected in relation to stock inscribed in the name of an association unless they are authorized by the persons appointed by the association in accordance with Subsection (1), and the State does not incur any liability in respect of a transaction that is so authorized.

**14. TRUSTS.**

The Registrar—

- (a) shall not enter notice of a trust, whether express, implied or constructive, in a Stock Ledger or other book kept by him; and
- (b) shall register a transfer or transmission of stock in accordance with the provisions of this Act relating to the transfer or transmission of stock—
  - (i) without regard to any such trust; and
  - (ii) as if the person in whose name the stock is inscribed were the beneficial owner of the stock.

**15. EQUITABLE INTERESTS.**

This Act does not affect the right of a person to enforce an equitable interest in or in respect of stock in the same manner as that in which such an interest in or in respect of any other personal property may be enforced.

**16. STOCK IN NAME OF INFANT.**

(1) Stock may be inscribed in the name of an infant either alone or jointly with a person who is not an infant.

(2) Stock inscribed in the name of an infant alone or jointly with another person shall not, without the order of the National Court, be transferred until the infant has attained the age of 21 years or has died.

**17. RECEIPTS FOR INTEREST.**

A receipt given by any one of the persons in whose names stock is inscribed acknowledging payment of an amount of interest is a sufficient discharge of the liability of the State for that amount.

**18. TRANSFER TO ANOTHER REGISTRY.**

Stock may be transferred from one Registry to another in the prescribed manner.

**19. TRANSFER TO ANOTHER PERSON.**

(1) Stock may be transferred from one person to another by instrument in the prescribed form, executed in the prescribed manner and delivered to the Registry where the stock is inscribed.

(2) Where an instrument of transfer is delivered to a Registry, the Registrar shall—

- (a) register the transfer by entering a memorial of it in the Stock Ledger; and
- (b) inscribe the name of the transferee in the Stock Ledger as the owner of the stock.

**20. TRANSMISSIONS.**

(1) A person to whom stock is transmitted may apply in the prescribed form to the Registrar at the Registry where the stock is inscribed to be inscribed as the owner of the stock.

(2) An application under Subsection (1)—

- (a) shall be verified by statutory declaration or in such other manner as the Minister allows; and
- (b) shall, subject to Subsection (3), be accompanied by such evidence as is necessary to establish the right of the applicant to have the stock transmitted to him.

(3) Where a person dies leaving stock of an amount not exceeding K1,200.00, the Minister may authorize the transmission of the stock to such person as he thinks proper without the production of the evidence referred to in Subsection (2)(b).

(4) No claim lies against the State in respect of a transmission under Subsection (3), but this section does not relieve the person to whom the stock is transmitted from liability to account for or deal with the stock in accordance with law.

(5) Where an application is made under Subsection (1), the Registrar shall—

- (a) register the transmission by entering a memorial of it in the Stock Ledger; and
- (b) inscribe the name of the person to whom the stock has been transmitted in the Stock Ledger as the owner of the stock.

**21. DELIVERY OF STOCK CERTIFICATE TO REGISTRAR ON TRANSFER OR TRANSMISSION.**

Where a stock certificate has been issued in respect of stock, the Registrar may, before registering a transfer or transmission of the stock, require the stock certificate to be delivered to him for cancellation, and may refuse to register the

transfer or transmission until the certificate is delivered to him or the failure to deliver the certificate is explained to his satisfaction.

## **22. RESTRICTIONS ON, AND ON REGISTRATION OF, DEALINGS.**

Except with the approval of the Minister, a transaction relating to stock shall not be registered or dealt with within 14 days before the date on which interest is due, or within one month before the date of maturity of the stock.

## **23. VESTING ORDERS.**

On being served with an order relating to stock or having the effect of vesting stock in any person made by a court, the Registrar shall make any entries in the Stock Ledger that are necessary to be made for the purpose of carrying the order into effect.

## **24. EVIDENCE OF CERTAIN MATTERS RELATING TO STOCK.**

(1) A copy of, or extract from, an entry in the Stock Ledger and a copy of a document relating to stock in the custody of the Registrar are admissible in evidence in all courts if the copy or extract purports to be signed and certified as a true copy or extract by the Registrar.

(2) All courts, Judges and persons acting judicially shall take judicial notice of—

- (a) the official signature of a person who holds or has held the office of Registrar of Stock or Deputy Registrar of Stock; and
- (b) the fact that that person holds or has held that office,

if the signature appears on a copy or extract referred to in Subsection (1).

## **25. PAYMENT OF JUDGEMENTS AGAINST THE STATE IN RESPECT OF STOCK.**

(1) In this section, “**final judgement, decree, rule or order**” means, in the case of an appeal, the final judgement, decree, rule or order of the ultimate court hearing the appeal.

(2)<sup>6</sup> <sup>7</sup>Where, by the final judgement, decree, rule or order of a court, a sum of money is adjudged to be payable by the State in respect of any stock, the Minister shall immediately pay the sum out of the Consolidated Revenue Fund.

<sup>6</sup> Section 25(2) amended by *Appropriation (Administrative Arrangements) Act 1996* (No. 37 of 1996), s 6.

<sup>7</sup> Section 25(2) amended by *Appropriation (Administrative Arrangements) Act 1996* (No. 37 of 1996), s 6.

**PART IV. – TREASURY BONDS.****26. ISSUE, ETC.**

The Head of State, acting on advice, may, by order, authorize the Minister to make out and issue bonds, to be called Treasury Bonds, for–

- (a) raising by way of loan, money the authority to borrow which is granted by an Act; or
- (b) converting a loan raised by the State into any other loan so raised; or
- (c) paying any expenses of carrying this Act into effect that, in the opinion of the Minister, are properly payable out of capital.

**27. CONDITIONS OF ISSUE.**

Subject to this Act, Treasury Bonds shall be issued and sold at such prices, on such terms and conditions, in such amounts and in such manner as the Minister determines.

**28. NUMBERING, SIGNATURE, ETC.**

(1) Each Treasury Bond shall–

- (a) be numbered in such manner as the Minister approves; and
- (b) be signed by the Minister or some other person appointed for that purpose by a determination under Section 27.

(2) A signature of the Minister or other person referred to in Subsection (1)(b) may be made in the handwriting of the Minister or person, as the case may be, or may be made by engraving or by any other process determined by the Minister.

**29. TRANSFER.**

Treasury Bonds are transferable by delivery.

**30. PAYMENT.**

The money secured by a Treasury Bond and the interest on it–

- (a) are payable to bearer; and
- (b)<sup>8</sup> are a charge on and payable out of the Consolidated Revenue Fund.

**31. CESSATION OF INTEREST.**

(1) Subject to Subsection (2), interest on Treasury Bonds ceases on the date or dates specified in the determination by the Minister under Section 27 as the date or dates on which the Bonds are redeemable.

<sup>8</sup> Section 30(b) amended by *Appropriation (Administrative Arrangements) Act 1996* (No. 37 of 1996), s7.

(2) The Minister may direct that interest on Treasury Bonds specified in the direction continues to be payable, after the date or dates referred to in Subsection (1), at such rate or in such manner as is specified in the direction until and including a date or dates specified in the direction.

### **32. LOST, ETC., BONDS.**

(1) Where a Treasury Bond is lost, stolen, destroyed or defaced before it is paid off, the owner may apply to the Minister for the issue of a Bond to replace it.

(2) If the Minister is satisfied that—

- (a) the Treasury Bond has been lost, stolen or destroyed; and
- (b) the applicant was, at the time of the loss, theft or destruction, the owner of the Bond,

the Minister may, on the applicant giving an indemnity to the satisfaction of the Minister to indemnify the State against payment of the lost, stolen or destroyed Bond, authorize the issue to the applicant of a Bond in its place.

(3) If the Minister is satisfied that—

- (a) the Treasury Bond has been defaced; and
- (b) the applicant is the owner of the Bond,

the Minister may, on the applicant's surrendering the Bond, authorize the issue to the applicant of a Bond in its place.

(4) A defaced Treasury Bond that has been surrendered under Subsection (3) shall be cancelled.

### **33. DESTRUCTION OF DISCHARGED BONDS.**

(1) Treasury Bonds that have been cancelled because they have been paid off and discharged, or for any other reason, shall be destroyed in the presence of a person authorized by the Minister.

(2) When the destruction is complete, the authorized person in whose presence the Treasury Bonds were destroyed shall certify, by writing under his hand, that the Bonds were destroyed in his presence.

### **34. CONVERSION OF STOCK AND BONDS.**

Stock may, in the prescribed manner and on the prescribed terms and conditions, be exchanged for Treasury Bonds, and Treasury Bonds may, in the prescribed manner and on the prescribed terms and conditions, be exchanged for stock.



**PART V. – BORROWING BY AGREEMENT.**

**35. ORDER AUTHORIZING BORROWING BY AGREEMENT.**

(1) The Head of State, acting on advice, may, by order, authorize the Minister to borrow, by agreement, on behalf of the State, any money the authority to borrow which is granted by an Act.

(2) An order made under Subsection (1) shall specify the amount that may be borrowed and the terms and conditions on which it may be borrowed.

**36. PAYMENT.**

<sup>9</sup>Money borrowed in accordance with Section 35 and the interest on it are a charge on and payable out of the Consolidated Revenue Fund.

---

<sup>9</sup> Section 36 amended by *Appropriation (Administrative Arrangements) Act 1996* (No. 37 of 1996), s8.

**PART VI. – THE NATIONAL DEBT SINKING FUND.**

**37. INTERPRETATION OF PART VI.–**

In this Part, unless the contrary intention appears “**the public debt of Papua New Guinea**” means the liabilities of the State in respect of the repayment of money borrowed by the State, other than liabilities in respect of money borrowed–

- (a) for less than one year; or
- (b) from an international finance agency.

**38. THE SINKING FUND.**

(1)<sup>10</sup> <sup>11</sup>The Minister shall, in relation to the public debt of Papua New Guinea, pay into a Trust Account, to be known as the National Debt Sinking Fund, in the Trust Fund–

- (a) in the financial year commencing on 1 July 1974 and–
  - (i) in each of the succeeding two financial years; and
  - (ii) in the period 1 July 1977 to 31 December 1977; and
  - (iii) in each of the succeeding 16 financial years; and
  - (iv) in the period 1 January 1994 to 30 June 1994,
 

an amount calculated at the rate of 2½% per annum of the net debt created in the financial year commencing on 1 July 1974; and
- (b) in the financial year commencing on 1 July 1975 and–
  - (i) in the succeeding financial year; and
  - (ii) in the period 1 July 1977 to 31 December 1977; and
  - (iii) in each of the succeeding 17 financial years; and
  - (iv) in the period 1 January 1995 to 30 June 1995,
 

an amount calculated at the rate of 2½% per annum of the net debt created in the financial year commencing 1 July 1974; and
- (c) in the financial year commencing on 1 July 1976 and–
  - (i) in the period 1 July 1977 to 31 December 1977; and
  - (ii) in each of the succeeding 18 financial years; and
  - (iii) in the period 1 January 1996 to 30 June 1996,

<sup>10</sup> Section 38(1) replaced by No. 47 of 1977, Schedule 1.

<sup>11</sup> Section 38(1) replaced by No. 47 of 1977, Schedule 1.

an amount calculated at the rate of 2½% per annum of the net debt created in the financial year commencing on 1 July 1975; and

- (d) in the period 1 July 1977 to 31 December 1977, and—
  - (i) in each of the succeeding 19 financial years; and
  - (ii) in the period 1 January 1977 to 30 June 1977,
    - an amount calculated at the rate of 2½% per annum of the net debt created in the financial year commencing on 1 July 1976; and
- (e) in the financial year commencing on 1 January 1978, and in each of the succeeding 19 financial years—an amount calculated at the rate of 2½% per annum of the net debt created in the period 1 July 1977 to 31 December 1977; and
- (f) in each financial year of the 20 years next succeeding a financial year (not being earlier than the year commencing on 1 January 1978) in which there was a net debt created—an amount equal to 2½% of the amount of that net debt created; and
- (g) in each financial year in which any moneys are received by the Government in repayment of any loan or advance made by the Government (other than moneys lent or advanced for a period not exceeding one year or moneys to which, by virtue of a provision contained in any other Act, this Act does not apply)—an amount equal to the moneys so received; and
- (h) in the financial year next succeeding the year in which securities under this Act have been redeemed and cancelled and for each subsequent financial year during the remainder of the period in which the contribution in respect of the redeemed or cancelled securities specified in Paragraph (a), (b), (c), (d) or (e), as the case may be, is payable—an amount equal to an amount calculated at the rate of 7% of the face value of the securities so redeemed and cancelled.

(2)<sup>12</sup> <sup>13</sup>On and after 1 January 1980 the payments into the National Debt Sinking Fund under Subsection (1) shall cease to be so payable and the Minister shall administer the National Debt Sinking Fund in accordance with this Part until such time as no further moneys remain in the National Debt Sinking Fund when the National Debt Sinking Fund shall be abolished and the requirement for its establishment, maintenance and administration will be deemed to have been repealed.

<sup>12</sup> Section 38(2) replaced by No. 54 of 1983, s1.

<sup>13</sup> Section 38(2) replaced by No. 54 of 1983, s1.

**39. CALCULATION OF NET CREATION OR REDUCTION OF DEBT.**

<sup>14</sup>(1) For the purpose of determining the net debt created or the net reduction of debt in a year, the Minister shall first ascertain the total amount of money borrowed in the financial year, other than—

- (a) money borrowed for a period not exceeding one year; and
- (b) money to which, by virtue of a provision contained in any other Act, this Act does not apply.

(2) From the amount determined in accordance with Subsection (1) there shall be deducted—

- (a) the amount of any debt discharged during the financial year by the issue of new securities by way of conversion of existing securities to which this section applies; and
- (b) the amount of any redemption of securities out of the Consolidated Revenue Fund other than any redemption of securities out of the National Debt Sinking Fund; and
- (c) any sums paid by the Minister in the year under Section 40.

**40. ADDITIONAL PAYMENTS TO SINKING FUND.**

<sup>15</sup>The Minister may, in any financial year, pay out of the Consolidated Revenue Fund into the National Debt Sinking Fund, in relation to the public debt of Papua New Guinea, such sum as he determines, in addition to the amounts payable in accordance with Section 38.

**41. MONEYS TO BE PAID OUT OF CONSOLIDATED REVENUE FUND.**

<sup>16</sup>All money payable into the National Debt Sinking Fund under Section 38 or 40 shall be paid out of the Consolidated Revenue Fund.

**42. TIME OF PAYMENTS TO SINKING FUND.**

Payments to be made by the Minister to the National Debt Sinking Fund in a financial year may be made at such time or times during that financial year as the Minister determines.

**43. REFERENCES TO SINKING FUND PAYMENTS IN LOAN PROSPECTUSES.**

A prospectus in relation to a loan, other than a loan for a period not exceeding five years, shall contain a provision that, in respect of the loan referred to in the

<sup>14</sup> Section 39 amended by No. 47 of 1977, Schedule 1.

<sup>15</sup> Section 40 amended by No. 47 of 1977, Schedule 1.

<sup>16</sup> Section 41 repealed and replaced by *Appropriation (Administrative Arrangements) Act* 1996 (No. 37 of 1996), s9.

prospectus, Sinking Fund contributions will be paid into the National Debt Sinking Fund in accordance with this Act.

#### **44. APPLICATION OF SINKING FUND.**

<sup>17</sup>(1) The Minister may apply the National Debt Sinking Fund—

- (a) in repurchasing or redeeming securities issued under this Act or in redeeming any other portion of the public debt of Papua New Guinea; and
- (b) by paying into the Consolidated Revenue Fund in each year such amount of moneys as is determined by the National Executive Council.

(2) Unless the Minister approves otherwise, repurchased or redeemed securities shall not be re-issued, but shall be cancelled, and the amount of the debt is reduced accordingly.

#### **45. INVESTMENT OF SINKING FUND.**

(1) The Minister may invest money standing to the credit of the National Debt Sinking Fund—

- (a) in the purchase of securities of or guaranteed by—
  - (i) the State; or
  - (ii) the Government of Australia; or
  - (iii) the Government of a State of Australia; or
- (b) on deposit in a bank; or
- (c) in any other manner approved by the Minister.

(2) All sums received by the Minister as interest in respect of investments or on the realization of investments under this section shall be paid into the National Debt Sinking Fund.

(3) The Minister shall not invest money in accordance with this section unless he is satisfied that greater benefit will accrue to the National Debt Sinking Fund by the investment than would accrue if he were to repurchase or redeem securities issued under this Act, or to redeem any other portion of the public debt of Papua New Guinea in accordance with Section 44.

#### **46. ANNUAL REPORTS.**

<sup>18</sup>Until such time as the National Debt Sinking Fund is abolished under Section 38(2), the Minister shall, in each year, as soon as possible after 31 December last preceding present to the Parliament a report on the operations of the National Debt Sinking Fund for the year ending on 31 December last preceding.

---

<sup>17</sup> Section 44 replaced by No. 54 of 1983, s2.

<sup>18</sup> Section 46 replaced by No. 54 of 1983, s3.

**PART VII. – REDEMPTION AND CONVERSION OF LOANS.****47. INTERPRETATION OF PART VII.**

In this Part, unless the contrary intention appears, “**loan**” includes stock or Treasury Bonds issued in connection with the raising of a loan.

**48. PAYING OFF, ETC., OF LOANS.**

The Head of State, acting on advice, may, by order, authorize the Minister to pay off, repurchase or redeem a loan raised by the State, or to convert any such loan into any other loan raised by the State.

**49. AUTHORITY TO BORROW FOR PURPOSE OF PAYING OFF, ETC.**

The Minister may borrow under this Act money necessary for the purpose of paying off, repurchasing or redeeming a loan in accordance with this Act.

**50. PAYMENT OF MONEY BORROWED, COST OF CONVERSION OF LOANS, ETC.**

<sup>19</sup>The money borrowed under this Part, the interest on that money and the costs of converting loans in accordance with this Part are a charge on and are payable out of the Consolidated Revenue Fund.

**51. USE OF MONEY BORROWED UNDER PART VII.**

An amount borrowed under this Part shall be issued and applied only for the expenses of borrowing and for the purpose of paying off, repurchasing or redeeming loans.

---

<sup>19</sup> Section 50 amended by *Appropriation (Administrative Arrangements) Act* 1996 (No. 37 of 1996), s10.

**PART VIII. – OFFENCES.**

**52. FORGING OR UTTERING STOCK CERTIFICATES, ETC.**

(1) In this section, “**form**”, in relation to an instrument or document, includes a form resembling or apparently intended to resemble or pass for a form of the instrument or document.

(2) A person who, with intent to defraud, forges or utters, knowing it to be forged—

- (a) a stock certificate or a Treasury Bond; or
- (b) a transfer of stock; or
- (c) a coupon, warrant or document for the payment of money in respect of any stock; or
- (d) a power of attorney in respect of any stock; or
- (e) the signature of a person as witness to the execution of an instrument or document in respect of any stock,

is guilty of an offence.

Penalty: Imprisonment for a term not exceeding 10 years.

**53. UNLAWFUL POSSESSION OF STOCK CERTIFICATES, ETC.**

(1) In this section, “**form**”, in relation to an instrument or document, includes a form resembling or apparently intended to resemble or pass for a form of the instrument or document.

(2) A person who, without authority (proof of which is on him)—

- (a) makes, or has in his possession, a form of stock certificate or Treasury Bond; or
- (b) makes, or has in his possession, a form of coupon, warrant or document for the payment of money in respect of any stock; or
- (c) makes, or has in his possession, an instrument or thing for the purpose of making an imitation of a distinctive mark or signature on a stock certificate or Treasury Bond, or on a coupon, warrant or document for the payment of money in respect of any stock,

is guilty of an offence.

Penalty: Imprisonment for a term not exceeding 2 years.

**54. BREACH OF CONDITIONS OF TREASURY BONDS.**

A person who contravenes or fails to comply with a term or condition on which a Treasury Bond is issued or sold is guilty of an offence.

Penalty: A fine not exceeding K200.00 or imprisonment for a term not exceeding six months, or both, and in addition a penalty of an amount not exceeding 10% of the nominal value of the Treasury Bond in respect of which the offence is committed.

**55. COPYING OF TREASURY BONDS.**

(1) In this section, “**copy of a Treasury Bond**” includes a representation or negative of a Treasury Bond in any size or on any scale, and a copy of a form of a Treasury Bond in any size or on any scale.

(2) A person who, without the authority of the Minister (proof of which is on him), makes or has in his possession—

- (a) a copy of a Treasury Bond; or
- (b) a writing, engraving, photograph or print resembling a Treasury Bond or apparently intended to be or pass for a copy of a Treasury Bond,

is guilty of an offence.

Penalty: A fine not exceeding K200.00, or imprisonment for a term not exceeding one year, or both.

**56. ADVERTISING USE OF TREASURY BONDS.**

A person who—

- (a) makes on, or attaches to, a Treasury Bond an advertisement; or
- (b) designs, makes, issues or circulates an advertisement in the form of, or apparently intended to resemble, a Treasury Bond; or
- (c) without lawful authority (proof of which is on him), defaces or disfigures a Treasury Bond by writing, printing, stamping or drawing anything on it,

is guilty of an offence.

Penalty: A fine not exceeding K40.00.

**57. PERSONATION.**

A person who, with intent to defraud, falsely personates a person entitled to any stock, or to money payable in respect of any stock, is guilty of an offence.

Penalty: Imprisonment for a term not exceeding 10 years.

**58. FALSIFICATION OF BOOKS, ETC., RELATING TO STOCK.**

A person who fraudulently—

- (a) makes a false entry in a book, record or document relating to any stock; or



- (b) omits to make an entry in a book, record or document relating to any stock; or
- (c) by act or omission, falsifies a book, record or document relating to any stock; or
- (d) destroys a book, record or document relating to any stock; or
- (e) delivers to a person not entitled to receive it a stock certificate or a coupon, warrant or document for the payment of money payable in respect of any stock,

is guilty of an offence.

Penalty: Imprisonment for a term not exceeding 10 years.

**59. FORFEITURE.**

All forged instruments or documents the forging or uttering of which is punishable under this Act, and all forms, instruments and things made or had in possession in contravention of this Act, are forfeit to the State, and may be seized by a member of the Police Force or by a prescribed officer.

**PART IX. – MISCELLANEOUS.****60. TRUSTEE INVESTMENT.**

A trustee, executor or administrator may invest trust money in his hands in the purchase of stock or Treasury Bonds.

**61. LIST OF UNCLAIMED INTEREST.**

(1) The Registrar shall keep lists of persons on whose stock interest is unclaimed for 10 years, together with their addresses as registered.

(2) The lists shall be open for inspection.

**62. FORMS.**

(1) The Registrar shall keep the prescribed forms.

(2) Forms other than the prescribed forms shall not be used for the purposes of this Act except with the approval of the Minister.

**63. POWERS OF ATTORNEY.**

(1) A person may, by power of attorney under his hand and seal and attested, appoint a person to be his attorney for any purpose in relation to stock.

(2) A power of attorney in relation to stock shall be deposited with, or produced to, the Registrar at the Registry where the stock to which it relates is inscribed.

(3) A power of attorney is valid and effectual for all the purposes mentioned in the power of attorney until notice of its revocation, or of the bankruptcy, insolvency, unsoundness of mind or death of the principal, has been received by the Registrar at the Registry where the power of attorney is deposited or produced.

**64. SAVINGS STAMPS.**

(1) Stamps (to be known as Savings Stamps) may be made and sold in such denominations as the Minister determines.

(2) Savings Stamps may be accepted at their face value in payment for Treasury Bonds to be known as Savings Certificates.

**65. 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, and, in particular, prescribing—

(a) the fees payable under this Act; and

(b) matters and forms for the conduct of any business—

- (i) at or in connection with a Registry; or
- (ii) relating to the issue, sale and transfer of, or dealing with, Treasury Bonds.

Office of Legislative Counsel, PNG