

No. 33 of 2000.

Resource Contracts Fiscal Stabilization Act 2000.

Certified on: / /20 .

INDEPENDENT STATE OF PAPUA NEW GUINEA.



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Resource Contracts Fiscal Stabilization Act 2000.

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INDEPENDENT STATE OF PAPUA NEW GUINEA.



AN ACT

entitled

Resource Contracts Fiscal Stabilization Act 2000,

Being an Act to provide for fiscal stability in long term resource based projects,
MADE by the National Parliament to come into operation on 1 January 2001.

1. INTERPRETATION.

In this Act, unless the contrary intention appears:

“long term resource-based project” means:

- (a) a mining project (as defined in the *Mining Act 1992*) in respect of which a mining development contract (as defined in the *Mining Act 1992*) has been executed; or
- (b) a petroleum project (as defined in the *Oil and Gas Act 1998*) in respect of which a petroleum agreement has been executed; or
- (c) a designated gas project (as defined in the *Income Tax Act 1959*) in respect of which a gas agreement (as defined in the *Oil and Gas Act 1998*) has been executed.

2. FISCAL STABILITY GUARANTEE.

The State may, in the case of a long term resource-based project, enter into an agreement with a developer which:

- (a) guarantees the fiscal stability of the project by reference to the law in force at the respective date of the agreement in respect of:
 - (i) applicable taxes, duties, fees and other fiscal imposts; and
 - (ii) the rates at which such taxes, duties, fees and other fiscal imposts will be charged and the manner in which liability in respect thereof will be calculated; and

- (b) for the purpose of Paragraph (a), but not otherwise, contains special provisions relating to the payment of applicable taxes, duties, fees or other fiscal imposts to take effect to secure fiscal stability in the event of a change in the applicable law after the effective date of the agreement.

3. AMENDMENT OF MINING ACT 1992.

Section 17 of the *Mining Act 1992* is amended:

- (a) by inserting the following new Subsection (2):—

“(2) Nothing in Subsection (1) shall be read or construed as authorizing the State to enter into a special agreement relating to the payment of any applicable tax, duty, fee or other fiscal impost, or to grant in respect thereof any exemption, moratorium, tax holiday, or other indulgence howsoever described.”; and

- (a)¹ by inserting the following new Subsection (2): —

- (b) by renumbering the existing Subsection (2) as Subsection (3).

4. AMENDMENT OF OIL AND GAS ACT 1998.

The *Oil and Gas Act 1998* is amended by inserting after Section 185 the following new section:—

“185A. MINISTER NOT AUTHORIZED TO ENTER SPECIAL AGREEMENT, ETC.,.

Nothing in Section 183 or 189 shall be read or construed as authorizing the Minister in a petroleum agreement or a gas agreement to enter into a special agreement relating to the payment of any applicable tax, duty, fee or other fiscal impost, or to grant in respect thereof any exemption, moratorium, tax holiday or other indulgence howsoever described.”

5. RESTRICTION ON DURATION OF GUARANTEE OF FISCAL STABILITY.

²Nothing in this Act shall be read or construed as authorizing the State to guarantee under an agreement the fiscal stability of a long term resource project for a period in excess of —

- (a) where a Gas Agreement applies, the period of time necessary to produce a volume or quantity of resource as defined in the relevant Gas Agreement to be foundation volume or quantity for that long-term resource based project; and

¹ Section 3 Amended by No. 19 of 2001, s. 1.

² Section 5 Substituted by No. 19 of 2001, s. 2.

- (b) for any other resource project, 20 years or the financial period, whichever is the lesser.

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