



CERTIFICATE.

Supplementary Appropriation (Gas Equity Trust) Bill 2007.

I certify that the *Supplementary Appropriation (Gas Equity Trust) Bill 2007* (draft of 28/09/2007) is in accordance with the National Executive Council Decision No. NG. 7/2007 and with drafting instructions.

A handwritten signature in cursive script, reading "H. Ramatlap", is positioned above the printed name.

**HUDSON RAMATLAP
FIRST LEGISLATIVE COUNSEL**

1st October, 2007.

EXPLANATORY NOTES FOR MEMBERS OF THE NATIONAL PARLIAMENT

SUPPLEMENTARY APPROPRIATION (GAS EQUITY TRUST) BILL 2007

FOR THE YEAR ENDING 31 DECEMBER 2007

The purpose of the Supplementary Appropriation (Gas Equity Trust) Bill 2007 is to appropriate the sum of **K500,000,000** for the year ending 31 December 2007 to be held in trust for use to purchase equity on behalf of the Government of Papua New Guinea in projects based in Papua New Guinea for the commercialisation of Papua New Guinea's gas reserves as required under Section 209(2)(c) of the Constitution as amended.

In late 2005 the Parliament appropriated K400 million to provide part of the finance for State equity in the PNG-Australia Gas Pipeline Project. The then Minister for Finance established the Government's Gas Pipeline Project Equity Financing Trust Account, into which this K400 million was transferred. In late 2006, an additional K100 million was appropriated for the same purpose and added to that trust account.

On 1 February this year, Oil Search announced that the private sponsors had suspended work on the PNG-Australia Gas Pipeline Project and, instead, would concentrate their

efforts on developing higher-value, PNG-based gas commercialisation options. The Project was not formally terminated, and the funds of K500 million remained in the trust account until, under the terms of the trust instrument, that Trust expired on 31 July 2007. This means that the funds in trust are to be returned to the Consolidated Revenue Fund.

Through this Bill these funds will be appropriated into a new trust which, rather than being limited to any specific project, will have the broader purpose of financing the purchase of equity on behalf of the Government of Papua New Guinea in projects based in Papua New Guinea for the commercialisation of Papua New Guinea's gas reserves.

DRAFT 28/09/2007

No. of 2007

Supplementary Appropriation (Gas Equity Trust) Bill 2007



INDEPENDENT STATE OF PAPUA NEW GUINEA

No. of 2007

*Supplementary Appropriation (Gas Equity Trust)
Bill 2007*

ARRANGEMENT OF CLAUSES

1. Grant of K 500,000,000
2. Appropriation
3. Direction



INDEPENDENT STATE OF PAPUA NEW GUINEA

A BILL

for

AN ACT

entitled

Supplementary Appropriation (Gas Equity Trust) Act 2007

Being an Act to grant and apply out of the Consolidated Revenue Fund an additional sum for the year ending 31 December 2007 to be held in trust against use to purchase equity on behalf of the Government of Papua New Guinea in projects based in Papua New Guinea for the commercialisation of Papua New Guinea's gas reserves and to appropriate that sum.

MADE by the National Parliament.

1. GRANT OF K 500,000,000.

Subject to authorization from the Minister, the Secretary for Treasury may issue out of the Consolidated Revenue Fund and invest in a trust created for the purpose of financing the purchase of equity on behalf of the Government of Papua New Guinea in projects based in Papua New Guinea for the commercialisation of Papua New Guinea's gas reserves, the sum of K500,000,000 in the year ending 31 December 2007.

2. APPROPRIATION.

Sums granted by this Act out of the Consolidated Revenue Fund for investment for the year ending 31 December 2007 are appropriated to Division 207 for implementation by the Departments of Treasury and Finance.

3. DIRECTION.

The amount appropriated to Division 207 is to be immediately transferred from Division 207 to a trust account established for the purpose of holding funds to purchase equity on behalf of the Government of Papua New Guinea in projects based in Papua New Guinea for the commercialisation of Papua New Guinea's gas reserves, in order that the sum can be paid into this trust account under Section 16 of the *Public Finances*

(Management) Act 1995. Where such a trust account does not exist, a new trust account is to be established by the Minister for Finance under Section 15 of the *Public Finances (Management) Act 1995* and the transfer will take place immediately on the establishment of the trust account. In the event that some or all of the K500,000,000 is not transferred, the appropriation will lapse and the amount will be returned to the Consolidated Revenue Fund. These funds cannot be utilized or transferred for any other purpose.