

## Papua New Guinea

Exchange rate: US\$1.00 equals 2.59 kina.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1980 (provident fund).

**Current law:** 2000 (superannuation), implemented in 2002, with 2002 amendment.

**Type of program:** Mandatory occupational retirement system.

#### Coverage

Employed persons in firms with 20 or more employees.

Exclusions: Casual workers with employment contracts of less than 3 months, household workers, and self-employed persons.

Voluntary coverage for noncitizens.

#### Source of Funds

**Insured person:** 6% of earnings.

**Self-employed person:** Not applicable.

**Employer:** 8.4% of payroll.

**Government:** None.

#### Qualifying Conditions

**Old-age benefit:** Age 55 and retired from covered employment; unemployed for 12 months.

A lump sum is paid at any age after a 1-year waiting period if emigrating permanently.

Drawdown payment: Funds can be drawn down before age 55 to purchase a house. Limited periodic drawdown payments are also permitted after 3 months of unemployment. The insured must have at least 5 consecutive years of contributions.

**Disability benefit:** The insured must be assessed with a total permanent incapacity.

**Survivor benefit:** Paid for the death of the insured before retirement.

#### Old-Age Benefits

**Old-age benefit:** A lump sum equal to total employee and employer contributions plus accumulated interest is paid.

Drawdown payment: Up to 60% of the member's accumulated contributions may be used to purchase a house. The

payment is treated as an advance on benefits. Members must make an additional 2% contribution until the full value of the advance is repaid. If an unemployed fund member has less than 1,000 kina in the account, the total amount can be withdrawn after 3 months.

#### Permanent Disability Benefits

**Disability benefit:** A lump sum equal to total employee and employer contributions plus accumulated interest is paid.

#### Survivor Benefits

**Survivor benefit:** A lump sum equal to total employee and employer contributions plus accumulated interest is paid to a named survivor.

#### Administrative Organization

Bank of Papua New Guinea (<http://www.bankpng.gov.pg>) regulates the superannuation funds.

Superannuation funds are responsible for the administration of contributions and benefits and the investment of funds.

Trustees of authorized superannuation funds appoint licensed investment managers and administrators.

Directors, investment managers, and fund administrators are responsible for ensuring that the routine management, investment, and administration of superannuation funds comply with the law.

### Sickness and Maternity

#### Regulatory Framework

Limited medical services are available free of charge or at nominal cost in government clinics and hospitals.

The 1981 Employment Act requires employers to provide sick leave and maternity leave to employees.

#### Work Injury

#### Regulatory Framework

**First law:** 1958.

**Current law:** 1978 (workers' compensation).

**Type of program:** Employer-liability system, involving compulsory insurance with a private carrier.

#### Coverage

All employees, including household workers. (Workers are covered while traveling to and from work.)

Exclusions: Self-employed persons and casual workers.

#### Source of Funds

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** The total cost is met through the direct provision of benefits or insurance premiums.

**Government:** None.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

Information is not available.

### **Permanent Disability Benefits**

**Permanent disability pension:** The weekly pension is equal to 80% of average weekly earnings.

The minimum annual earnings for benefit calculation purposes are 625 kina.

The maximum annual earnings for benefit calculation purposes are 1,875 kina.

The minimum weekly pension is 18 kina.

The maximum weekly pension is 75 kina plus 10 kina for each dependent child if the insured has a fully or partially dependent spouse; 65 kina for a single person. The maximum pension is 100% of the insured's earnings.

The maximum employer liability for total disability is 22,000 kina.

Partial disability: A percentage of the full pension is paid according to the assessed loss of earnings.

The maximum employer liability for partial disability is 25,000 kina.

### **Workers' Medical Benefits**

Medical benefits include the reasonable cost of treatment, medicines, hospitalization, surgery, transportation, appliances, and specialist treatment, up to a maximum.

### **Survivor Benefits**

**Survivor grant:** A lump sum equal to eight times the annual earnings of the deceased at the time of injury plus 4.60 kina a week for each dependent child is paid.

The minimum grant is 8,750 kina plus 10 kina a week for each dependent child.

The maximum grant is 25,000 kina plus 10 kina a week for each dependent child.

Eligible survivors include all family members (children younger than age 16) who were totally or partially dependent on the deceased's earnings and any person who by custom has a right to share compensation.

The insured's spouse and children must receive at least 50% of the survivor grant. A court may decide eligibility and the amount paid to each other survivor.

**Funeral grant:** Up to 750 kina is paid for the cost of funeral expenses.

### **Administrative Organization**

Department of Labor and Industry administers the program.