

## Papua New Guinea

Exchange rate: US\$1.00 equals 2.94 kina (K).

### *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 workers.

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

Voluntary coverage for noncitizens.

#### **Source of Funds**

**Insured person:** 5.5% of earnings.

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

**Employer:** 7.7% of payroll.

**Government:** None.

To equalize contribution rates with those of the public sector, private-sector employee and employer contributions are to be increased to 6% and 8.4%, respectively, in 2008.

#### **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: Permitted for the purpose of providing housing. Limited periodic drawdown payments are also permitted after 3 months of unemployment.

**Disability benefit:** Must be assessed with a total permanent incapacity.

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

#### **Old-Age Benefits**

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

Drawdown payment: Up to 60% of the member's accumulated contributions may be used for housing. 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 If an unemployed fund member has less than K1,000 in the account, the total amount can be withdrawn after 3 months.

#### **Permanent Disability Benefits**

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

#### **Survivor Benefits**

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

#### **Administrative Organization**

Public Employees Association Superannuation Fund Board manages the program.

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

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 domestic servants. (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 pension is equal to 80% of average weekly earnings.

The minimum and maximum annual earnings for benefit calculation purposes are K625 and K1,875, respectively.

The minimum weekly pension is K18.

The maximum weekly pension is K75, plus K10 for each dependent child if the insured has a fully or partially dependent spouse; K65 a week for a single person. The maximum pension is 100% of the insured's earnings.

The maximum employer liability for total disability is K22,000.

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 K25,000.

**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 is paid equal to eight times the annual earnings of the deceased at the time of the injury, plus K4.60 a week for each dependent child.

The minimum grant is K8,750, plus K10 a week for each dependent child.

The maximum grant is K25,000, plus K10 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 tribunal may decide eligibility and the amount payable to each other survivor.

**Funeral grant:** The cost of funeral expenses is paid, up to K750.

**Administrative Organization**

Department of Labor and Industry administers the program.