



Independent State of Papua New Guinea

GENERAL ORDER NO: 16

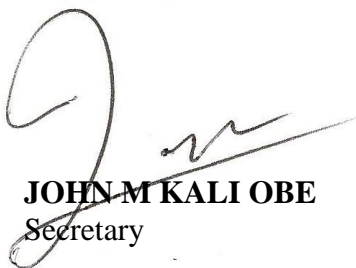
REDUNDANCY AND RETRENCHMENT
IN THE PUBLIC SERVICE

Being a General Order reflecting the procedural and substantive terms and conditions contained in the 2012 Public Service Redundancy & Retrenchment Agreement, made between the Department of Personnel Management and the Public Employees Association, and other procedural arrangements, to regulate redundancy and retrenchment of officers and employees in National Departments and Provincial Administrations.

Made under the:-

PUBLIC SERVICES (MANAGEMENT) ACT 1995

I, **John M Kali**, Departmental Head of the Department of Personnel Management, by virtue of the powers conferred by Section 70 of the ***Public Services (Management) Act 1995***, and all other powers me enabling, hereby issue **General Order No 16** as part of the Fourth Edition of General Orders to come into force on **1st January 2012** and remain in force until further notice.



JOHN M KALI OBE
Secretary

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IN THE PUBLIC SERVICE****TABLE OF CONTENTS**

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GENERAL ORDER NO.16

REDUNDANCY AND RETRENCHMENT
IN THE PUBLIC SERVICE

DEFINITIONS

16.1 Unless the contrary intention appears:

| | |
|--------------------------------------|---|
| "Act" | means the <i>Public Services (Management) Act 1995 as amended</i> |
| "Agreement" | means the 2012 Redundancy Agreement, attached to this General Order, made to be effective from 1 st January 2012, between the Department of Personnel Management and the Public Employees Association. |
| "Association" | means the Public Employees Association of Papua New Guinea; |
| "Committee" | means the Redundancy Monitoring Committee provided for under the Agreement. |
| "Employee" | means the same as defined in the <i>Public Services (Management) Act</i> , including Probationary Officers; |
| "Officer" | means the same as defined in the Public Services (Management) Act ; |
| "Memorandum of Understanding" | means the industrial agreement made between the Department of Personnel Management and the Public Employees Association, to be effective on 1 st January 2012 in which, inter alia the parties agreed that all matters affecting redundancy and retrenchment in the Public Service, shall be regulated by the 2012 Public Service Redundancy & Retrenchment Agreement. |
| "Redundancy" | means the situation in which an officer or employee becomes surplus to requirements in accordance with the General Order. |
| "Retrenchment" | means the termination of services of an officer/employee under this General Order. |

GENERAL POLICY OBJECTIVES

- 16.2 Redundancy and retrenchment in the Public Service are administered in accordance with the Agreement and this General Order, and in the event of any conflict of interpretation, as between the Agreement and the General Order, then the Agreement shall prevail.
- 16.3 Retrenchment in the Public Service shall be administered, funded and paid for by individual Departments within their recurrent budgets, unless determined otherwise by the Secretary for the Department of Personnel Management, in his/her sole discretion.
- 16.4 Departmental Heads must obtain prior budgetary approval in order to implement a retrenchment program in their Departments in the following budgetary years.
- 16.5 The Act specifies that the Secretary for the Department of Personnel Management is responsible for retrenchment in the Public Service. An officer in the Public Service shall not be retrenched without prior approval of the Secretary for the Department of Personnel Management. **This power has not been delegated.**
- 16.6 The Secretary for the Department of Personnel Management will not consider retrenchment requests that do not comply with the guidelines stipulated under this General Order.
- 16.7 An officer who has been retrenched from the Public Service previously shall not be re-appointed or re-deployed back into the Public Service after five years either in a line position or in short term contract employment except in accordance with the provisions of this General Order.

PROCEDURES FOR RETRENCHING OFFICERS/EMPLOYEES

- 16.8 A Departmental Head must seek prior approval from the Secretary for the Department of Personnel Management to declare a redundancy situation, which may result from:-
- a) abolition of functions or activities of a Department, Provincial Administration or Office by policy direction of the National Executive Council to effect greater efficiencies in service delivery;
 - b) administrative re-arrangements including re-organisation or rationalisation of agencies to improve operating efficiency and productivity;
 - c) transfer of functions or activities from one employing agency to another where the staff employed in the functions do not also transfer, for example, as a result of decentralisation of National functions to Provincial Administrations, or corporatisation of an agency;
 - d) on the privatisation or part privatisation of a Government agency or outsourcing of services to a private sector enterprise;
 - e) financial constraints due to, for example, changed Government priorities, revenue short falls etc resulting in insufficient funds to pay for wages and salaries in a particular agency; and/or,

- f) new or changed technology resulting in an upgrading of qualifications and skill requirements for entry to jobs which individual officers are unable to satisfy, or be trained to satisfy.

16.9 The Secretary for the Department of Personnel Management in confirming the declaration of redundancy situation shall provide to the Public Employees Association the full details of such declaration, including the reasons as stated under General Order 16.8.

16.10 An Officer/Employee affected by any of redundancy situations in General Order 16.8 (a) - (f) shall be declared redundant and a written notification of redundancy shall be delivered by a competent officer on behalf of the Departmental Head who shall:-

- a) explain the circumstances leading to the declaration of the redundancy situation;
- b) inform him/her of the reasons why he/she has been affected;
- c) explain the procedures to be followed in a redundancy situation;
- d) advise the details on opportunities or options available for alternative employment;
- e) explain the termination benefits due to him/her; and,
- f) seek views whether he/she wishes to be considered for alternative employment or retraining, or take retrenchment.

16.11 The Departmental Head shall make all attempts to find alternative employment for redundant officer/employee who has elected to remain in the Public Service within and outside the Department in which the redundancy has been effected.

16.12 In the event that attempts to provide for alternative employment are unsuccessful, the Departmental Head shall compile the Personal Details of officer/employee affected in Form PAT4.10 and together with his recommendations submit such details to the Secretary, Department of Personnel Management for approval.

REDUNDANCY MONITORING COMMITTEE AND ITS FUNCTIONS

16.13 The Redundancy Monitoring Committee (RMC) has been established in accordance with the Agreement and shall consist of the following representation:-

- a) A Representative of the Secretary for the Department of Personnel Management who shall also be the Chairman in the proceedings of the Committee.
- b) A Representative of the Public Employees Association representing the Union.
- c) A Representative of the employing Departmental Head.

16.14 The functions of the RMC are to consider appeals of redundant officers/employees within 21 days of receiving the appeal, and to recommend to the Secretary for Personnel Management a decision in respect to:

- a) whether the submission by the Department Head has fully complied with the requirements and guidelines contained in this General Order; and
- b) any appeal by an officer/employee against his/her retrenchment and/or the calculation of final termination benefits;

16.15 The decision of the Secretary, Department of Personnel Management in all matters pertaining to retrenchment in the Public Service is final.

RETRENCHMENT NOTICE PERIOD

16.16 A written notification of retrenchment on Form RR16.1 shall be served on the officer/employee who has had his/her retrenchment approved by the Secretary for the Department of Personnel Management with the notice period as follows:

- a) an officer or employee shall be given eight weeks or equivalent base salary payment in lieu of notice; and
- b) an additional eight weeks notice period for officers who have served more than 30 years

provided that a senior officer on contract shall be entitled to the three month's notice period under their respective employment contracts.

16.17 The notice period shall take effect from the date the notice is served on the officer/employee and every attempt must be made to ensure that retrenchment notices are served individually by a competent officer of the Department.

16.18 Notwithstanding General Order 16.16 and General Order 16.22, the Agreement provides that an officer/employee who is retrenched shall be subjected to normal terms and conditions of service until the end of the notice period. This is interpreted to mean that:

- (a) should the officer/employee work through to the end of the notice period, then he/she shall be entitled to the payment of salaries and allowances to the end of that period; and,
- (b) should the officer be terminated prior to the termination of the notice period, he/she shall be entitled to payment of base salary only for the balance of the notice period, together with service related entitlements, namely recreation leave, furlough leave, ex-gratia payment and contract gratuity, as required by the contract.

16.19 The Agreement provides that an officer/employee shall cease to be employed:-

- a) at the end of the period of notice under General Order 16.16 unless a decision has been taken to relocate or retrain him/her; or
- b) in the case of an officer/employee who has elected under General Order 16.22, to be retrenched at an earlier date selected by the officer/employee.

This provision is taken to mean that all contractual relationships between the State and the officer/employee are severed at the date of termination of service, unless so

interpreted under a contract of employment, and that service and service related entitlements are to continue to the end of the notice period as required by the contract terms and conditions.

- 16.20 An officer may, at the discretion of the Departmental Head, be retained in service for any period up to the expiry of the notice period, and continue to be paid his/her full salaries allowances and other benefits, in which event, payment in lieu of notice will be commensurate with the balance of unpaid notice period remaining at termination.
- 16.21 During the period preceding the effective date of termination, an employee/officer shall continue to be subject to the disciplinary provisions under General Order 15 and in the event of committing a serious offence for which termination for cause is mandatory, he/she may relinquish the right to be paid retrenchment benefits as a result of being terminated for cause.
- 16.22 Any officer/employee who holds a substantive appointment and wishes to leave the service for reasons other than redundancy shall tender his/her resignation to the Departmental Head within the provisions of this General Order.
- 16.23 An officer/employee who has attained compulsory retirement age during a period of retrenchment shall be retired in accordance with General Order 4 and shall be paid an ex-gratia payment at a rate of 50 per cent of the lump sum payment calculated on the length of service to termination, per this General Order.

TERMINATION BENEFITS

- 16.24 Based upon the Agreement and the interpretations outlined above, at termination of employment, an officer/employee shall be entitled to payment of the following termination benefits:-
- a) Ordinary pay until the date of termination of services as provided under General Order 16.19(a) and (b); and,
 - b) Pro-rata recreation leave (MILOL) due at the date of termination of services, pro-rated for service to the end of the notice period; and,
 - c) Pro-rata Furlough Leave (MILOF) calculated on the basis of completed years of service, at the end of the period of notice, as follows:
 - i) where an officer/employee has served in the Public Service for not less than four years, but less than 15 years immediately before the effective date of retrenchment (end of notice period), Money-in-Lieu of Furlough (MILOF) calculated at the rate of nine days on full pay in respect of each completed year of continuous service **based on a five day week**, or
 - ii) where, at the end of the notice period, an officer/employee has completed at least 15 years of continuous service, current provisions for furlough leave shall apply; and,
 - d) Money-in-lieu of notice, MILON), which shall be payment for any of the un-expired portion of the notice period under General Order 16.16 if applicable; and,

- e) Repatriation fares and baggage allowance for the officer/employee and his/her family to the administrative headquarters of his/her home district. Unless transport is provided by the Department, repatriation travel will be by the most direct route unless otherwise authorised by the Departmental Head for reasons of economy, and travel shall be by public transport. The repatriation fares and allowances shall include the costs of:-
- i) one way airfares for the officer/employee and his/her family from his/her place of residence to the administrative headquarters of his/her home district; and,
 - ii) baggage not exceeding the value of moving 400 kg by air at the airfreight (cargo) rate paid to the carrier; and,
- f) Ex-gratia Retrenchment Payment determined by multiplying the completed years of service in the Public Service, up to a maximum of twenty years, by the appropriate number of days pay as set out in Schedule 1:

CALCULATION AND PAYMENT OF RETRENCHMENT BENEFITS

- 16.25 Termination benefits shall be calculated at the officer/employees' substantive salary rate corresponding to the date of giving notice, utilising Form RR16.2 attached to this General Order, wherein, **Fortnightly Salary = Annual Salary x 12/313**. All calculations shall be verified by an authorised officer of the Department of Personnel Management and signed by a delegate of the Secretary, Department of Personnel Management prior to payment. Benefits shall be paid in full by the Department (or Department of Personnel Management) at the time of termination.
- 16.26 The Departmental Head shall be responsible for ensuring completion of the necessary forms and obtaining signatures of authority to enable the retrenched officer to take receipt of his or her superannuation entitlements immediately following termination.
- 16.27 In the event that an officer/employee at the date of termination has not repaid monies owing to the State for any services provided, an amount equal to that owed shall be deducted from his/her final termination benefits and the balance shall be paid to him/her.

RIGHTS TO APPEAL AGAINST RETRENCHMENT

- 16.28 The rights to appeal granted under the Agreement and this General Order are in addition to any right of appeal which may be granted to an officer/employee under his/her other conditions of service as provided for by the Act.
- 16.29 An officer/employee may appeal to the Redundancy Monitoring Committee if he/she considers that:
- (a) his/her redundancy had not been determined properly in accordance with the criteria under General Order 16.8; or
 - (b) there was a practical alternative for employment within or outside of the Department other than retrenchment; or,

- (c) he/she has not received the full termination benefits as provided under this General Order.

- 16.30 The Redundancy Monitoring Committee shall consider and determine all appeals as soon as practicable and within 21 days, and shall submit its recommendations to the Secretary, Department of Personnel Management whose decision shall be final.
- 16.31 In any event an appeal by an officer/employee shall not affect or alter the retrenchment notice period due under General Order 16.16, and in the event that a retrenched officer/employee takes receipt of any retrenchment payments as provided hereunder, he/she shall automatically compromise any appeal under this Section.

INCOME MAINTENANCE DURING NOTICE PERIOD

- 16.32 A redundant officer/employee who accepts a transfer is transferred to a position at a lower salary classification in the Public Service, shall not have his salary reduced until the expiry of the due notice period given under General Order 16.16.
- 16.33 An officer/employee who seeks similar or alternative employment in the Public Service after the end of the notice period, shall be deemed to be retrenched and will be entitled to all termination benefits, but shall not be eligible for re-employment in the Public Service in accordance with this General Orders.
- 16.34 An officer/employee who obtains employment of a similar or lower classification and salary outside the Public Service prior to the end of notice period shall be deemed to be retrenched and thus be entitled to all termination benefits.

TRANSFER OF BENEFITS

- 16.35 Where an officer/employee is transferred from one location to the other under this General Order, he/she shall be entitled to such transfer benefits as are prescribed under the *Public Services (Management) Act* for a transfer made in the interest of the Public Service.

OTHER GUIDELINES TO BE OBSERVED BY DEPARTMENTS

- 16.36 An officer or employee who has resigned and or retired previously, and has terminated service, prior to the declaration of a redundancy situation by a Departmental Head, shall not be reconsidered for retrenchment under any circumstances.
- 16.37 Where a redundant officer/employee has pending disciplinary actions against him/her, he/she shall not be retrenched, until conclusion of the proceedings, and every effort shall be made for a quick resolution. Where it has been established that the redundant employee has been guilty of a serious offence, and warrants termination for cause, then he/she shall automatically forfeit any right to retrenchment benefits under this General Order.
- 16.38 Any person, who at the time of a retrenchment exercise seeks to be selected for redundancy by refusing to perform his or her normal duties, or by poor attendance and time-keeping, or by becoming inefficient and a poor performer, shall be charged with an

appropriate offence and terminated where proper cause has been shown and shall not be retrenched under the provisions of this General Order.

- 16.39 The National Executive Council may in its sole discretion, in the National interest, at any time, re-employ a former Departmental Head who had been terminated and paid all entitlements under this General Order, in a Departmental Head capacity following compliance with the legislated procedures.

RETIREMENT DURING A REDUNDANCY PERIOD

- 16.40 All officers who are aged 60 and above shall be retired in accordance with the ***Public Services (Management) Act*** prior to any retrenchment being undertaken.
- 16.41 The Secretary, Department of Personnel Management may retire any officer from the date of normal retirement at age 55 years onward under the Act
- 16.42 The Agreement provides that officers aged 55 years and above who are retired shall be paid retirement benefits together with an ex-gratia payment equal to 50 per cent of the amount calculated paid under General Order 16.24.

INCOME TAX RATES

- 16.43 As at the date of issue of this General Order, concessional tax rates apply in accordance with the ***Rationalisation of the Public Service (Budget Provisions) Act 1995 (as amended)*** and Circular Instructions issued by the Secretary, Department of Personnel Management.

REDEPLOYMENT OF SURPLUS OFFICERS/OFFICER'S REFUSAL OF APPOINTMENT

- 16.44 In the event that a redundancy situation has been declared by the Secretary, Department of Personnel Management under this General Order, and following any selection/appointment process, vacancies remain within the approved establishment at the same time that surplus officers also remain, the Departmental Head may:
- (a) re-advertise any vacancies to determine whether or not any surplus officers wish to make application;
 - (b) identify any of the surplus officers who may be suitably qualified and experienced, or who may be trained within a reasonable time to usefully fill a vacancy; and
 - (c) redeploy and appoint a surplus officer (below the level of Deputy Secretary/Deputy Administrator), subject to General Order 16.47, to substantively fill a vacant position requiring the skills and knowledge (or potential skills and knowledge) possessed by the surplus officer.
- 16.45 For the purpose of effecting redeployment under General Order 16.44, a Departmental Head is hereby delegated the powers of the Secretary, Department of Personnel Management under the ***Public Services (Management) Act***, to transfer and appoint a surplus officer to a suitable vacant position, in his/her sole discretion, but such redeployment may be subject to the RMC appeal process.

- 16.46 In the event of redeployment under General Order 16.45 of a surplus officer to a position graded lower than his/her substantive position, the Departmental Head may apply to the Department of Personnel Management for a Non-Reduction Allowance to maintain the officer's salary at the substantive level. Application of a Non-Reduction Allowance will be subject to budgetary constraints. This General Order does not apply to officers who have been appointed through the normal selection process as NRA does not apply to them in any event.
- 16.47 A surplus officer has the right to refuse redeployment effected by a Departmental Head under General Order 16.45. However, a surplus officer who chooses to refuse a suitable appointment **at the same substantive salary level** as described in General Order 16.45 shall:
- (a) not be considered as redundant and shall not be submitted to the Redundancy Monitoring Committee; and
 - (b) be deemed to have resigned from employment and subject to General Order 16.50, shall be terminated from Government payrolls without payment of retrenchment benefits.
- 16.48 A surplus officer who has been appointed through the selection process to a suitable position as described under General Order 16.46(c) **at the same substantive salary level**, and who subsequently refuses to take up the said appointment shall not be considered to be redundant and shall be treated in the same manner as a surplus officer under General Order 16.47(a) and (b).
- 16.49 A Departmental Head shall inform the Secretary, Department of Personnel Management in writing of any surplus officer who has refused an offer of employment **at the same substantive salary level**, as described in General Order 16.47 and General Order 16.48, and the Secretary, Department of Personnel Management shall notify such an officer in writing of acceptance of his/her resignation and shall terminate him/her from Government Payrolls with immediate effect.

LODGING OF APPEALS AGAINST RETRENCHMENT - TIME LIMITATIONS AND DEEDS OF RELEASE

- 16.50 An officer's individual rights to appeal to the Redundancy Monitoring Committee against a decision to retrench are detailed in General Orders 16.28 to General Order 16.31. This General Order places certain conditions on the right to appeal.
- 16.51 Subject to other limitations hereunder, an officer wishing to appeal shall lodge an appeal with the Chairman of the Redundancy Monitoring Committee within 21 calendar days of receiving a notice of retrenchment. An appeal made outside of this limitation shall not be considered and shall be null and void.
- 16.52 The Redundancy Monitoring Committee shall as far as possible expedite the appeal against retrenchment within 21 days, and in any event, the employee shall remain on the payroll until the appeal has been heard, and necessary adjustments made to the retrenchment benefits calculation on conclusion of the matter.
- 16.53 A retrenched officer is required to sign a Deed of Release in Form RR16.4 which provides that following receipt of the retrenchment benefit, no further claims shall be

made against the State for retrenchment benefits. The only departure from this provision would arise if it can be shown that the officer has been underpaid resulting from a calculation error.

- 16.54 An officer may not lodge an appeal against retrenchment, having taken receipt of his/her retrenchment benefits cheque. Acceptance of a retrenchment payment by a retrenched officer is deemed to be an acceptance of retrenchment. Therefore, at such time that an officer has signed a Deed of Release in respect to retrenchment payment, he/she has relinquished the right to appeal against the retrenchment decision.

**GENERAL ORDER NO.16
RETRENCHMENT NOTICE****To:****Date:**

Dear

NOTIFICATION OF REDUNDANCY AND RETRENCHMENT

According to the Public Service records you have been selected by your Agency Head for retrenchment. This notice is made under the Public Service General Orders No16.1 in accordance with the 2007 Redundancy Agreement. Your final entitlements have been calculated to the end of Notice Period which your last day of service being _____

RETRENCHMENT BENEFITS

You will be entitled to the following benefits on your retrenchment.

- Money in Lieu of Notice (MILON) if applicable
- Repatriation Fares and Baggage Allowance if applicable
- Money in Lieu of Leave (MILOL) to the end of notice period
- Money in lieu of Furlough Leave (MILOF) will be calculated at the rate of nine (9) days for each completed year at service up to the end of notice period
- Ex-Gratia payments if applicable

Your termination benefits will be calculated using the Public Service salary scales which came into effect with the Government approved salary increases effective on 01 January 2007 based upon your substantive salary grade. All calculations will be checked and validated against your personnel record(s) by the Department of Personnel Management to ensure that the calculations are correct

A summary of payments due to you under the above headings will be provided to you showing the gross, tax and net figures at the time of payment which will be made direct to your bank account. You will be advised of the Pay No. when your retrenchment benefit will be paid into your account.

You will be required to sign Deed Of Release confirming acceptance and receipt of the payments due to you. This Deed of Release once signed removes from you any further right of appeal at any time in the future.

RIGHT TO APPEAL

You may appeal to the Redundancy Monitoring Committee (RMC) within the 21 days of receipt of this notice through your Secretary if you believe your selection as a redundant officer has not been determined properly or where you believe there is practical alternative for employment within or outside of the Department. This appeal entitlement relates to the decision to make you redundant.

You may also appeal to the Department if you believe you have not received your full termination benefits. You should note that you will not have any appeal rights if you accept your retrenchment benefits. This appeal entitlement relates to amount of benefit received and is available where you believe either a mathematical error has occurred or the information contained on the payroll system and used to calculate benefits is incorrect.

In conclusion we take this opportunity to thank you for your services and contributions to the Public Service and wish you and family well in the future.

Yours sincerely

John M. Kali, OBE
Secretary
Department of Personnel Management

(Name of Agency head)
(Designation)
(Name of Agency)

GENERAL ORDER NO.16 RETRENCHMENT BENEFITS CALCULATION FORM

DEPARTMENT: _____

NAME: _____ PAY FILE NO: _____

SUBSTANTIVE POSITION: _____ SALARY GRADE/POINT: _____

ANNUAL SALARY: K _____ FORTNIGHT SALARY: K _____

DATE OF BIRTH: _____ AGE IN YEARS: _____

Public Service Retrenchment Benefits are to be calculated in accordance with the 1982 Public Service Redundancy Agreement, as set out in General Order 16, utilising this form for purposes of authorisation.

The rate of tax on retrenchment benefits is governed by the Rationalisation of the Public Service (Budget Provisions) Act, 1995 (as amended). Refer to Department of Personnel Management Circular Instruction No.2/99.

(1) MILON (MONEY IN LIEU OF NOTICE)

Money in Lieu of Notice is only payable to officers who elect to leave early before the end of Notice period. It is **NOT** payable to officers who remain on the payroll and leave at the end of Notice period.

Commencement Date of Notice Period: _____ Notice Period: _____ months

End of Notice Period: _____ Date officer elects to leave early before end of Notice Period: _____

Period of Payment in Lieu, From _____ to _____ = _____ F/Nts.

_____ F/Nts. x K _____ Gross Salary/F/Nt. = K _____ Gross

Less _____ % Tax = K _____

Net Money in Lieu of Notice = K _____ Nett

| | |
|-------------|---------|
| GROSS MILON | K _____ |
| TAX | K _____ |
| NET MILON | K _____ |

(2) MILOL (MONEY IN LIEU OF LEAVE)

Last Leave Date: _____ : Any Leave without Pay (LWOPNTCAS): _____ days.

Adjusted New Leave Date: _____ : Effective Date of Retrenchment: _____

Completed Service: _____ years = _____ months. MILOL Rate: 1.25 days pay per month.

1.25 Days x _____ months = _____ days + _____ days credits = _____ F/Nts.

_____ F/Nts. x K _____ Gross Salary/F/Nt. = K _____ Gross

Less _____ % Tax
 Net Money in Lieu of Leave: K _____ Nett

| | |
|-------------|---------|
| GROSS MILOL | K _____ |
| TAX | K _____ |
| NET MILOL | K _____ |

(3) **MILOF (MONEY IN LIEU OF FURLOUGH)**

3.1 **No Furlough Leave Taken Previously**

Service Commencement Date: _____ : Any Leave Without Pay: _____ (days)

Adjusted Service Date: _____. Calculate MILOF @ 9 days pay per each completed year of service:

Service from _____ to _____ = _____ years x 9 days = _____ days = _____ F/Nts. Pay

Total Gross MILOF = _____ Fnts. x K _____ per F/Nt = K _____ Gross

Calculate Nett MILOF: A, to 31/12/92 @ 2% + B, balance @ Retrenchment Tax Rate

(A) From _____ to 31.12.92 = _____ compl. years x 9 days per year = _____ days = _____ F/Nts. Pay

_____ F/Nts. x K _____ per F/Nt. = K _____ Gross

Less 2 % Tax: K _____ Tax

A. Net MILOF to 31/12/92: K _____ Nett

(B) From _____ to _____ = _____ compl. years x 9 days per year = _____ days = _____ F/Nts. Pay

_____ F/Nts. x K _____ per F/Nt. = K _____ Gross

Less _____ % Tax: K _____ Tax

B. Net MILOF to _____: K _____ Nett

3.1 (A+B) Total Gross = K _____

Total Tax = K _____

Total Nett = K _____

In the event that the Officer has previously taken Furlough Leave, then the Furlough Leave entitlement must be calculated under Section 3.2 as follows:

3.2 **Officer Has Taken Furlough Leave Previously**

Service Date: _____ : Leave Without Pay: _____ days: Adjusted Service Date: _____.

Calculate MILOF @ 9 days pay per each completed year of service:

Service from _____ to _____ = _____ years x 9 days = _____ days = _____ F/Nts. Pay

Date of Last Furlough Leave _____ : Furlough Leave Taken _____ F/Nts.: Balance due _____ F/Nts.

Total Gross MILOF = _____ Fnts. x K _____ per F/nt. = K _____ Gross

Calculate Nett MILOF: A, to 31/12/92 @ 2% + B, balance @ Retrenchment Tax Rate

(A) From _____ to 31.12.92 = _____ compl. years x 9 days per year = _____ days = _____ F/Nts. Pay
 _____ F/Nts. x K _____ per F/Nt. = K _____ Gross

Less 2 % Tax: K _____ Tax

A. Net MILOF to 31/12/92: K _____ Nett

(B) From _____ to _____ = _____ compl. years x 9 days per year = _____ days = _____ F/Nts. Pay
 _____ F/Nts. x K _____ per F/Nt. = K _____ Gross

Less _____ % Tax: K _____ Tax

B. Net MILOF to _____: K _____ Nett

3.2 (A+B) Total Gross = K _____

Total Tax = K _____

Total Nett = K _____

| | |
|-------------------------------|---------|
| GROSS MILOF 3.1 OR 3.2, (A+B) | K _____ |
| TAX | K _____ |
| NET MILOF | K _____ |

(4) **EX-GRATIA PAYMENT**

Date of commencement with the Public Service: _____ to End of Notice Period: _____

Completed Years of Service: _____ years. Number of Ex Gratia Days Pay from General Order 16:

Service up to 20 years @ days rate from table: _____ days.

Service from 21 years to 25 years @ 2 days per annum: _____ days.

Service from 26 years to 30 years @ 3 days per annum: _____ days

Service from 31 years and above @ 5 days per annum _____ days

TOTAL EX-GRATIA DAYS PAY: _____ days

Total Ex-Gratia Days Pay _____ divided by 10 = _____ F/Nts Pay

_____ F/Nts x K _____ F/Nts Salary = K _____ Gross

Less _____ % Tax K _____

Net Ex-Gratia Payment: K _____ Nett

| | |
|-------------------------|---------|
| GROSS EX GRATIA PAYMENT | K _____ |
| TAX | K _____ |
| NET EX GRATIA PAYMENT | K _____ |

(5) **CONTRACT GRATUITY (Departmental Heads and Senior Contract Officers only)**

Date commenced current contract _____: Calculate total salary earned to end of notice, (A+B+C):

(A) From _____ to _____ = _____ F/Nts.
 _____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(B) From _____ to _____ = _____ F/Nts.
 _____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(C) From _____ to _____ = _____ F/Nts.
 _____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(D) From _____ to _____ = _____ F/Nts.
 _____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(E) From _____ to _____ = _____ F/Nts.
 _____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

Total Gross Salary Earned during contract (A+B+C+D+E) = K _____

Total Gross Gratuity Earned = (A+B+C+D+E) x 25% = K _____ Gross Gratuity

Less Gross Gratuity Instalments already paid out: K _____ Gross

Final Balance of Gross Gratuity owing: K _____ Gross

Less _____% Tax K _____ Tax

Net Terminal Gratuity Owing: K _____ Nett

| | |
|-----------------------------------|----------|
| GROSS TERMINATION GRATUITY | K |
| TAX | K |
| NET TERMINATION GRATUITY | K |

(6) **REPATRIATION EXPENSES.**

Public Service General Orders provide that a retrenched public servant shall be repatriated to his or her Provincial district of origin, which is also the officer's district for the purposes of recreation leave travel, at the expense of the employing Department or Provincial Administration, within the limits set under the General Orders. The Secretary for the Department of Personnel Management may in his sole discretion approve a cash estimate for repatriation costs where no quotations have been provided in advance.

Place of employment: _____ Town/Village. _____ District. _____ Province.

Place of origin/abode: _____ Town/Village. _____ District. _____ Province.

Number of Authorised Dependants: _____ Less than 12 years old. _____ Over 12 years old.

N.B. A retrenched officer is entitled to repatriation benefits only if the place of employment is outside of the District in which his or her place of origin/permanent abode is located, as follows:

- * single economy or excursion air fares from a commercial airport at the place of employment, to the airport closest to place of origin/permanent abode, for the officer, and authorised dependants.
- * PMV and/or boat fares for the officer and authorised dependants.
- * Baggage charges to a maximum cost of 400 Kg at the unaccompanied air freight rate.

Cost of airfares: K _____

Cost of PMV/boat fares: K _____

Cost of Baggage: K _____

Total Repatriation Costs: K _____

N.B. The refund of repatriation costs is free of tax.

(7) SUMMARY OF GROSS & NETT RETRENCHMENT PAYMENTS TO BE MADE:

DEPARTMENT: _____

NAME: _____ PAY FILE NO: _____

SUBSTANTIVE POSITION: _____ SALARY GRADE/POINT: _____

ANNUAL SALARY: K _____ FORTNIGHT'S SALARY: K _____

EFFECTIVE DATE OF RETRENCHMENT: _____ (End of Notice Period).

| PAYMENT CATEGORY | GROSS | TAX | NET |
|----------------------------|----------|----------|----------|
| 1. MILON | K | K | K |
| 2. MILOL | K | K | K |
| 3. MILOF | K | K | K |
| 4. EXGRATIA | K | K | K |
| 5. CONTRACT GRATUITY | K | K | K |
| 6. REPATRIATION EXPENSE | K | K NIL | K |
| TOTAL PAYMENTS DUE: | K | K | K |

PREPARED BY (Print Name): _____

(Signed): _____

Dated: _____

CHECKED BY (Print Name): _____

(Signed): _____

Dated: _____

CERTIFIED BY (Print Name): _____

(Signed): _____

Dated: _____

NOTES:

- 1. The summary of payments to be made to the retrenched officer/employee must be certified by an officer, who has been delegated by the Secretary for the Department of Personnel Management, and date stamped with the Department of Personnel Management Stamp.**
- 2. A copy of this page showing the summary of payments due shall be provided to the retrenched officer and the Chairman, Redundancy Monitoring Committee at the time of payment.**

GENERAL ORDER NO.16**RETRENCHMENT BENEFITS COMPUTER INPUT FORM**

This Form is to be used to input Agency and personal data to the Department of Personnel Management approved computerised system for automatic calculation of retrenchment benefits. This information is to be compiled from official HRD personal files. Computer output is to be validated using this Form.

Department/Agency: _____

COMPUTER INPUT DATA

1. NAME: _____ 2. PAY FILE NO: _____

3. AGENCY REFERENCE NO: _____ 4. STATUS: "PERM/TEMP/CASUAL (LABOURER)"
5. SUBSTANTIVE POSITION: _____ 6. SALARY GRADE/POINT: _____
7. ANNUAL SALARY: K _____ 8. SEPARATION TYPE: "RETRENCHMENT"
9. SERVICE START DATE: _____ 10. DATE OF BIRTH: _____
11. CONTRACT CATEGORY ("YES/NO") "A"/"B"/"C"/"D"
12. CONTRACT START DATE: _____

Retrenchment benefits shall be taxed at favourable rates in accordance with the "Rationalisation of the Public Service (Budget Provisions) Act, 2001 as follows:

| <u>Annual Salary Level</u> | <u>Applicable Tax Rate</u> |
|----------------------------|----------------------------|
| K 0 to K 6,500 | Nil |
| K6,501 and above: | 15% |

The computer programme automatically applies the correct rate of tax according to annual salary as input.

(1) **MILON (MONEY IN LIEU OF NOTICE OF RETRENCHMENT)**

Money in Lieu of Notice is payable to officers who are required to terminate before the end of Retrenchment Notice period. It is **NOT** payable to officers who remain on the payroll and terminate at the end of Retrenchment Notice period.

13. **INPUT** Notice Commencement Date: _____ Notice Period: _____ months

14. **INPUT** Notice Period End Date: _____

(2) **MILOL (MONEY IN LIEU OF LEAVE)**

15. **INPUT** Last Leave Date: _____ 16. **INPUT** Leave without Pay (LWOPNTCAS): _____ days.

17. **INPUT** Leave Days per Month: _____ 18. **INPUT** Untaken Leave Credits: _____ days

All other information necessary for calculation of MILOL has already been input to the computer above.

(3) MILOF (MONEY IN LIEU OF FURLOUGH)

3.1 No Furlough Leave Taken Previously: 19. INPUT Any LWOPNTCAS: _____ days. All other information necessary for calculation of MILOF has been input to the computer programme above.

In the event that the Officer has previously taken Furlough Leave, then the Furlough Leave entitlement must be calculated under Section 3.2 as follows:

3.2 Officer Has Taken Furlough Leave Previously

20. INPUT Last Furlough Leave Date: _____ 21. INPUT Any LWOPNTCAS: _____ days

22. INPUT Untaken Furlough Leave Credits from Last Furlough: _____ days

All other information necessary for calculation of MILOF has already been input to the computer.

(4) EX-GRATIA PAYMENT

All information necessary for calculation of Ex-Gratia Payment has already been input to the computer programme above.

(5) CONTRACT GRATUITY (Departmental Heads and Other Contract Officers under GO 9 only)
CALCULATE MANUALLY AND INPUT GROSS FIGURES TO PROGRAMME BELOW

Calculate total salary earned to end of notice, (A+B+C+D+E):

(A) From _____ to _____ = _____ F/Nts.
_____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(B) From _____ to _____ = _____ F/Nts.
_____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(C) From _____ to _____ = _____ F/Nts.
_____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

(D) From _____ to _____ = _____ F/Nts.
_____ F/Nts. x K _____ Gross Salary/Fnt. = K _____ Gross Pay

23. INPUT Total Gross Salary Earned during contract (A+B+C+D) K _____

24. INPUT Less Gross Gratuity Instalments already paid out: K _____

All other information required to calculate balance of Gratuity has been input to the computer above.

(6) REPATRIATION EXPENSES - CALCULATE MANUALLY/INPUT GROSS FIGURE TAX FREE

Public Service General Orders provide that a retrenched public servant shall be repatriated to his or her Provincial district of origin, which is also the officer's district for the purposes of recreation leave travel, at the expense of the employing Department or Provincial Administration, within the limits set under the General Orders. The Secretary for the Department of Personnel Management may in his sole discretion approve a cash estimate for repatriation costs where no quotations have been provided in advance.

Place of employment: _____ Town/Village. _____ District. _____ Province.

Place of origin/abode: _____ Town/Village. _____ District. _____ Province.

Number of Authorised Dependants: _____ Less than 12 years old. _____ Over 12 years old.

N.B. **A retrenched officer is entitled to repatriation benefits only if the place of employment is outside of the District in which his or her place of origin/permanent abode is located, as follows:**

* single economy or excursion air fares from a commercial airport at the place of employment, to the airport closest to place of origin/permanent abode, for the officer, and authorised dependants.

* PMV and/or boat fares for the officer and authorised dependants.

* Baggage charges to a maximum cost of 400 Kg at the unaccompanied air freight rate.

Cost of airfares: K _____

Cost of PMV/boat fares: K _____

Cost of Baggage: K _____

25. **INPUT** Total Repatriation Costs: K _____

(7) **INPUT AUTHORISATION AND VALIDATION OF RETRENCHMENT INFORMATION**

NAME: _____ FILE NO: _____

26. **INPUT PREPARED BY** (Print Name): _____ AGENCY NO: _____

(Signed): _____ Dated: _____

CHECKED BY (Print Name): _____ AGENCY NO: _____

(Signed): _____ Dated: _____

27. **INPUT VALIDATED BY DPM OFFICER** (Print Name): _____

(Signed): _____ Dated: _____

INPUT AUTHORISED BY DPM OFFICER (Print Name): _____

(Signed): _____ Dated: _____

1. A copy of this page shall be attached to the Summary Retrenchment Benefits Form.

2. This properly validated and authorised Form must be presented for purposes of requisitioning funds and raising FF3 and FF4 documentation for cheque production.

**FINAL CLEARANCE FORM AND
DEED OF RELEASE, ACKNOWLEDGMENT
AND RECEIPT OF RETRENCHMENT BENEFITS**
(Made Pursuant to the <Year> Budget Directives)

MADE THIS ____-____-__ day of _____-_____-_____ 20--, Pursuant To National Executive Council <Year> Budget Decisions, and General Order No 16.

BETWEEN: _____ <NAME> _____ ("the Officer"), Staff File No. ____< >____, of _____ <DEPARTMENT OF > _____ (" the Employing Agency").

AND: The **Independent State of Papua New Guinea**, ("the State").

WHEREBY: The Officer, of his/her own free will, accepts the sum of money set out below in full and final settlement of all claims made against the State for retrenchment benefits (**other than POSF benefits to be claimed in a separate procedure**) and undertakes not to pursue any further claims of any nature against the State in respect to retrenchment benefits, and, **HEREBY FOREVER RELEASES AND DISCHARGES THE STATE from and against all such actions and claims for the aforesaid retrenchment benefits, shown calculated in General Order Form 16.1 attached hereto, duly authorised by a delegate of the Secretary for the Department of Personnel Management, stamped and dated _____<Date> 20 --**

The Officer hereby confirms receipt of the retrenchment benefits in cheque form as follows:

Total Net Payment Made:

K < Net Payment >

Cheque No. ____< >____.

If a permanent Officer wishes to appeal against the retrenchment decision or payment then he/she must not accept payment. Once payment has been made, the Officer forgoes all appeal rights.

The State representative, as a delegate of the Secretary for the Department of Personnel Management, confirms that he/she has identified the receiving Officer as the proper person entitled to payment. The Parties hereby confirm that the entitlements and obligations under this Deed of Release have been explained to the Officer by the State Representative, who is sufficiently fluent in Tok Pisin/Motu, and where requested, an explanation and interpretation of the Deed of Release has been read by the State Representative in Tok Pisin/Motu, on the request of the Officer.

The Officer also acknowledges that under current Government Retrenchment Policy, he/she forfeits any previous entitlement to be re-employed by a Public Service Department/Office.

Signed: _____ At: _____
Officer Place

Witnessed: _____ Date: _____
For and on Behalf of the State.

Copies To: 1. Retrenched Officer/Legal Representative 2. Department of Treasury & Planning
3. Department of Personnel Management 4. Employing Agency

EX-GRATIA RETRENCHMENT BENEFIT TABLE

(Number of days pay according to completed years of service)

| <u>Number of Completed Years of Service (to end of notice period)</u> | <u>Ex-Gratia Retrenchment Benefit (Number of Days Pay at Base Salary)</u> |
|--|--|
| 1 | 20 |
| 2 | 20 |
| 3 | 30 |
| 4 | 40 |
| 5 | 50 |
| 6 | 60 |
| 7 | 70 |
| 8 | 80 |
| 9 | 90 |
| 10 | 100 |
| 11 | 110 |
| 12 | 120 |
| 13 | 130 |
| 14 | 140 |
| 15 | 150 |
| 16 | 160 |
| 17 | 170 |
| 18 | 180 |
| 19 | 190 |
| 20 | 200 |
| 21 | 210 |
| 22 | 220 |
| 23 | 230 |
| 24 | 240 |
| 25 | 250 |
| 26 | 260 |
| 27 | 270 |
| 28 | 280 |
| 29 | 290 |
| 30 and above | 300 |



Independent State of Papua New Guinea

**NATIONAL PUBLIC SERVICE
GENERAL ORDERS**

**RECOMMENDATION TO THE SECRETARY, MR JOHN M KALI OBE, TO
APPROVE GENERAL ORDER NO. 16 OF 1ST JANUARY 2012**

**REDUNDANCY AND RETRENCHMENT
IN THE PUBLIC SERVICE**

To: Secretary

Date: 08 March 2012

We, the under-signed, confirm that **General Order No. 16 of 1st January 2012**, hereto attached, has been drafted in accordance with Government policies and the appropriate Sections of *Organic Law* the *Public Services (Management) Act*, and the **Regulations** and reflects:

- (a) all policy changes made by the National Executive Council in the period 1st June 2002 to 31st December 2011;
- (b) all changes to the **Constitution**, the *Organic Law on Provincial & Local Level Governments* and the *Public Services (Management) Act 1995*, to effect implementation of the Provincial and Local Level Government Reforms; and,
- (c) all other changes to the *Public Services (Management) Act 1995*, which have been brought into force since 1st June 2002.

On behalf of the Executive Management Team, we recommend that the Secretary authorise this General Order for publication and distribution to line Departments and Agencies.

AGNES FRIDAY
Executive Manager, HRAS

EMMA FAITELI
Executive Manager I&ER

ISKEL MESULAM
Director, L& I

RAVU VAGI
Deputy Secretary, Operations

RAVU VERENAGI
Deputy Secretary, Policy

