



Independent State of Papua New Guinea

GENERAL ORDER NO. 17

PUBLIC OFFICERS' SUPERANNUATION

*Being a General Order, to ensure individual departments and other statutory agencies administered under the **Public Services (Management) Act** comply with the provisions of the **Superannuation (General Provisions) Act** in enrolling their staff members and employees as members of the State selected Superannuation Fund.*

Made under the:-

Public Services (Management) Act 1995 (as amended)

I, **John M Kali OBE**, 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 17, as part of the Fourth Edition of General Orders effective on and from 1st January 2012 and to remain in force until further notice.



JOHN M KALI OBE
Secretary

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GENERAL POLICY OBJECTIVES

- 17.1 This General Order is designed to ensure that individual Departmental Heads comply with the requirements of the *Superannuation (General Provisions) Act*, by commencing payroll deductions for eligible officers and employees by way of membership and the Superannuation Fund.
- 17.2 The Government has determined that the Nambawan Superannuation Fund shall be "the Fund", for the purpose of ensuring that public servants are provided with a retirement/termination benefit, in a lump sum form, or as a pension.
- 17.3 The retirement/termination benefit provides financial support for an officer and his or her dependents when he or she no longer enjoys regular employment income on termination for all reasons, including retirement, retrenchment, dismissal, death in service, or resignation.
- 17.4 Officers are entitled to a State contribution towards their retirement/termination benefit, equal to the value of their own contributions plus interest, multiplied by a factor of (one point four) 1.4. Public Servants shall not be denied this benefit by the oversight of employing Departments and agencies in enrolling their officers in the Fund on the due date.

SUPERVISION BY THE CENTRAL BANK

- 17.5 By virtue of the *Superannuation (General Provisions) Act 2000* which came into effect in April 2002, operations of the Nambawan Superannuation Fund are now subject to overall monitoring and control by the Bank of Papua New Guinea.
- 17.6 Strict rules for the management and control of the superannuation funds have been brought into force under the *Superannuation (General Provisions) Act*, whereby, only fit and proper persons assessed by the Central Bank are permitted to be Trustees of the Fund, and are bound by laws of trust.
- 17.7 The new rules and regulations introduced by the Central Bank ensure that member's and State contributions to the Fund are managed prudently by approved Fund Managers to provide the maximum possible return to the members, consistent with maintaining integrity and real future value of the Fund.

COMPULSORY MEMBERSHIP

- 17.8 The *Superannuation (General Provisions) Act* requires that each person employed in the Public Service, for a period of three months or longer shall be a contributing member of the Fund. The employing agency shall enrol the member utilising a Standard Form which is to be submitted to the Nambawan Superannuation for processing.
- 17.9 Each Departmental Head is hereby made responsible for ensuring enrolment and commencement of payroll deductions from each officer on engagement in the Public Service, and in any event, no later than three months from commencement of employment.

- 17.10 Compulsory membership applies to all Public Servants and each officer/employer shall, immediately prior to completion of three months of service, complete the prescribed Superannuation Form and return it to his or her Departmental Head/Human Resource Manager for transmission to Nambawan Superannuation.

PAYROLL DEDUCTIONS - PENALTIES ON EMPLOYING DEPARTMENTS

- 17.11 Each member shall contribute six per cent of base salaries earned on a fortnightly basis, to be deducted through Government payrolls, commencing no later than three months from the commencement of an officer's employment. The corresponding State contribution is 1.4 (one point four) times each member's contribution, or 8.4 per cent.
- 17.12 Failure by a Departmental Head to ensure payroll deduction has been effected on each eligible officer may result in a penalty deduction being levied on the Department by the Fund in order to cover the backlog of an officer's contributions plus interest.
- 17.13 An officer who has failed to make the necessary contributions as a result of a loss of earnings or for whatever reason may seek approval from the Nambawan Superannuation Board to make good the missing contributions by a lump sum contribution or through an increased level of contributions.

HOME OWNERSHIP ADVANCE

- 17.14 During the officer's employment, subject to Fund liquidity and minimum service in the Fund, he/she may have limited access to his/her accumulated funds held in his/her account, for purposes of an advance to a financial institution for securing a loan for purposes of home ownership.
- 17.15 Advances for purposes of home ownership are made subject to the *Superannuation (General Provisions) Act* and the **Regulations** to enable the officer to secure a loan under mortgage to enter an approved Home Ownership Scheme, including the Public Service Home Ownership Scheme administered by the Department of Personnel Management.
- 17.16 Full details of the Superannuation Fund rules and benefits are available on request from the Fund Headquarters.

ANNUAL STATEMENTS OF MEMBER'S ACCOUNT

- 17.17 The Act requires that each member is provided with an annual statement of his or her account showing:
- (a) member's contributions,
 - (b) state contribution to the member's account and
 - (c) total balance of account including interest

BENEFITS PAYABLE ON TERMINATION

- 17.18 An officer shall on termination from his/her employment be paid a termination benefit comprising:

- (a) the value of his/her contributions over the years, including the value of State and member contributions transferred into the Fund from past membership of the Public Officers Superannuation Fund (POSF); plus,
- (b) the accumulated value of interest earned by the Fund on his/her contributions; plus
- (c) a State share equivalent to 1.4 (one point four) times the sum of (a) added to (b).

17.19 The Fund provides options to each officer at termination as to the manner in which the sum calculated under General Order 17.18 is to be paid out, either:

- (a) as a total cash lump sum payment; or
- (b) wholly as an actuarially determined pension for life; or
- (c) a combination of (a) and (b) as part lump sum and part pension for life.

RETIREMENT SAVINGS ACCOUNT (RSA)

17.20 As a further option on retirement from the Public Service at age 60 and above, a member may opt to transfer the whole or part of their superannuation lump sum benefit into a Retirement Savings Account which will enable the member to continue to accumulate interest at the same rate as earnings in the main Fund.

17.21 The RSA has its own rules which are available from Nambawan Superannuation and which provide tax advantages on withdrawals from the RSA, under the *Income Tax Act* for retirees over the age of 60 years.

RESPONSIBILITY OF DEPARTMENTAL HEADS TO FACILITATE COMMUNICATIONS WITH NAMBAWAN SUPERANNUATION

17.22 It is the responsibility of Departmental Heads and Human Resource officers in Departments to facilitate communications with the Superannuation Fund for the purpose of seeking advice on superannuation matters on behalf of officers.

17.23 For this purpose, the Departmental Head shall designate an office in the Human Resources Division, with specific responsibility for the administration of superannuation matters.



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. 17 OF 1ST JANUARY 2012**

**PROBATIONARY & PERMANENT APPOINTMENTS
RETIREMENTS AND TERMINATIONS**

To: Secretary

Date: 08 March 2012

We, the under-signed, confirm that **General Order No. 17 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.

EMMA FAITELI
Executive Manager, I&ER

ISIKEL MESULAM
Director, Legal & Investigations

RAVU VERENAGI
Deputy Secretary, Policy

RAVU VAGI
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