

EXPLANATORY STATEMENT

STATUTORY RULES 1987 NO 63

ISSUED BY AUTHORITY OF THE MINISTER FOR FINANCE

PAPUA NEW GUINEA (STAFFING ASSISTANCE) ACT 1973
PAPUA NEW GUINEA (STAFFING ASSISTANCE) (SUPERANNUATION)
REGULATIONS (AMENDMENT)

LEGISLATIVE BASIS FOR THE PROPOSED REGULATIONS

Section 65 of the Papua New Guinea (Staffing Assistance) Act 1973 (the Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing all matters that the Act requires or permits to be prescribed, or that are necessary or convenient to be prescribed for giving effect to the Act.

Paragraphs (b) and (c) of sub-section (1) of Section 38 of the Act provide that the regulations may make provision for and in relation to payments to be made by the Commonwealth to and in relation to -

- (i) persons (including persons who have ceased to be employed under Part II of the Act in specified circumstances) who immediately before the date of commencement of the Act, were required or permitted to contribute to the Papua New Guinea Provident Account under the Superannuation (Papua New Guinea) Ordinance 1951; and
- (ii) persons who, immediately before the date of commencement of the Act, were entitled to pension in accordance with the Superannuation (Papua New Guinea) Ordinance 1951 or in accordance with the Superannuation Ordinance 1917-1955 of the Territory of Papua or the Superannuation Ordinance 1928-1955 of the Territory of New Guinea as the case may be,

and matters incidental to or connected with such payments.

BACKGROUND

The Papua New Guinea (Staffing Assistance) (Superannuation) Regulations (the Regulations) provide, amongst other things, for pensions and other benefits to be paid by the Commonwealth.

Part XA of the Regulations provides for certain pensions payable under the Regulations to be increased in July each year. The calculation of the amount of any increase in the amount of pension is based on the increase during the 12 months to the previous 31 March in the all groups consumer price index (CPI) number for the weighted average of the 6 Australian State capital cities published by the Australian Statistician.

Sub-regulation 111A(2) provides that where, in respect of a particular March quarter, the Australian Statistician publishes a CPI number for the weighted average of the 6 State capital cities in substitution for a number previously published by him in relation to that quarter, the publication of the later index number is to be disregarded for the purposes of Part XA (in other words, the first published number for the quarter is always to be used).

Sub-regulation 111B(1) provides, in effect, that pensions payable on 30 June in a particular year are to be increased where the published CPI number for the weighted average of the 6 State capital cities for the preceding March quarter exceeds the published CPI number for the weighted average of the 6 State capital cities for the March quarter in any earlier year since, and including, the year that commenced on 1 July 1974.

Sub-regulation 111B(2) provides that, where the amount of a pension is to be increased, it shall be increased by the applicable "prescribed percentage" of that amount.

Sub-regulation 111B(3) provides that the "prescribed percentage" in relation to a particular year is to be calculated in accordance with the formula $\frac{100(A-B)}{B}$ where

- A is the published all groups CPI number for the weighted average of the 6 Australian State capital cities for the immediately preceding March quarter; and
- B is the highest published all groups CPI number for the weighted average of the 6 Australian State capital cities for any March quarter earlier than the immediately preceding March quarter but not earlier than the March quarter in the year commencing 1 July 1974.

The Australian Statistician has advised that, with effect from the March 1987 quarter CPI number, the publication of the all groups CPI number for the weighted average of the 6 Australian State capital cities will be discontinued. The published all groups CPI number will be the weighted average of the 8 capital cities of the Australian States, the Australian Capital Territory and the Northern Territory.

Recent movements in the all groups CPI number for the weighted average of the 8 capital cities published by the Australian Statistician have closely followed movements in the all groups CPI number for the 6 State capital cities published by the Australian Statistician.

The CPI number in respect of the March quarter has been increasing, ie. the most recent March quarter CPI number is the highest.

CONTENT

The Regulations contained in the Statutory Rule amend the Papua New Guinea (Staffing Assistance) (Superannuation) Regulations by:

- (a) prescribing that increases in the amount of certain pensions are to be based on the all groups CPI number for the weighted average of the 8 capital cities published by the Australian Statistician; and
- (b) prescribing that for the purposes of ascertaining the highest all group CPI number for the weighted average of the 8 capital cities published by the Australian Statistician in respect of the March quarter of any earlier year, only the relevant CPI numbers for years commencing on or after 1 July 1985 need be examined.

The Regulations apply to pension increases due in July 1987.

SR NO /87