

# **Boards (Fees and Allowances) Bill 2024.**

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# Summary of the Bill

- ▶ **LONG TITLE/PREAMBLE-** Sets out the broad objectives of the Bill.
- ▶ **Part I-PRELIMINARY.-** Provides for standard constitutional compliance, interpretation, application and general principles.
- ▶ **PART II- FEES AND ALLOWANCES.-** Provides for the process and requirements for the determination of fees and allowances for Boards, Committees and ad-hoc bodies; establishment of Boards, committees, and ad hoc bodies.
- ▶ **PART III- MINIMUM GOVERNANCE REQUIREMENTS.-** Reporting requirements for Boards, and monitoring and evaluating the performance of Boards.
- ▶ **PART IV- MISCELLANEOUS.-** Other miscellaneous provisions.
- ▶ **SCHEDULES OF FEES AND ALLOWANCES-** Schedule 1( Fees and Allowances for Boards) & Schedule 2 ( Fees and Allowances for Committees); Schedule 3 (Fees and Allowances for Ad-hoc Bodies)

# LONG TITLE/PREAMBLE

- ▶ establish a framework for the determination of fees and allowances for members of a Board, Committee or ad-hoc body; and
- ▶ provide for a criteria and approval process for the establishment of a Board, Committee or ad-hoc body; and
- ▶ provide for accountability standards and minimum performance requirements for Boards, Committees and ad-hoc bodies; and
- ▶ repeal and replace the *Boards (Fees and Allowances) Act (Chapter 299)*.

# PART I-PRELIMINARY

- **Section 1 (Constitutional Compliance.)**- Ensures compliance with Section 38 of the Constitution.
  - (a) the freedom from arbitrary search and entry conferred by Section 44;
  - (b) the right to freedom of employment conferred by Section 48; and
  - (c) the right to privacy conferred by Section 49,
- **Section 2 (Interpretation).** Defines Key terms and phrases used throughout the Bill. Eg. “*Ad hoc body*”; “*Board*”; “*Committee*”; “*Fees and Allowances*”; “*Sitting Allowances*”; and “*Stipends*”.
- **Section 3 (Application)** Subjects the fees and allowances under the Bill to the *Income Tax Act 1959*.
- **Section 4 (General Principles)** This provision sets out broad principles which should be taken into account when implementing the Bill.

These are: Proportionality; Economic welfare and development of PNG; High Standard of Transparency & Accountability; and determination of fees & allowances are commensurate to prevailing industry practices and market value.

## PART II- FEES AND ALLOWANCES

- ▶ 4 Divisions (Division 1- Board; Division 2- Committees; Division 3- Ad-hoc Bodies; Division 4- General Provisions)
- ▶ Sets out the respective approval processes; and minimum requirements for the establishment and payment of fees and allowances of Boards; Committees and Ad-hoc Bodies and;
- ▶ and other general provisions related to the establishment of these bodies and the payment of their fees and allowances.

# PART II- FEES AND ALLOWANCES

## Division 1- Boards

- ▶ **Section 5 (Approval of Boards)**-Clarifies that for avoidance of doubt Section 64A of the *Public Finance (Management) Act 1995* still applies. Where a submission has been made under Section 64A, the Minister will also determine the Category which the Board falls under (Category A, B,C) for payment of fees and allowances.
- ▶ **Section 6 (Minimum Requirements for Boards)**- Minister will provide his written approval under Section 5 where he is satisfied that the Board meets the following minimum requirements: total number of Board members not exceeding 11 (not less than 5); term of 4 years; not more than 3 consecutive terms; Chairman is not the head of the statutory authority; others set in a Regulation.
- ▶ Deviation from these minimum requirements must be approved by the Minister through an application stating the reason for deviation; and other relevant information.

## PART II- FEES AND ALLOWANCES

- ▶ **Section 7 (Categories of Boards)**- sets out the Categories of the Board (A, B, C). The Minister determines the Categories based on sectors and contribution to the GDP.
- ▶ **Section 8 (Fees and Allowances)**- Fees and allowances payable to ex-officio members (Sitting allowances); non ex-officio (sitting allowance & annual stipend).
- ▶ **Section 9 (Change of Category)**- Application to the Minister to change categories. Requirements to change category include: report demonstrating effective performance of functions; audited financial reports; revenue generation capability and ability to be self-sustained.

# PART II- FEES AND ALLOWANCES

## Division 2: Committees

- ▶ **Section 10 (Committees)**- Where a Board intends to pay its committee members fees and allowances, a submission shall be made to the Minister stating the details of the Committee (ToR, details of members, financial capability to pay committee members). Minister shall approve the establishment subject to the Board meeting the minimum requirements.
- ▶ **Section 11 (Fees and Allowances for Committees)**- Members shall be paid sitting allowances in accordance with the Schedule 1.



## Division 3- Ad hoc Bodies

### **Section 12 (Approval of Ad-hoc Bodies)**

- ▶ Where a governmental body, establishes an ad-hoc body and intends to pay fees and allowances to members of that ad-hoc body, a submission shall be made to seek the approval of the National Executive Council. (s.1.2.1)
- ▶ The submission should include:
  - (a) details of the purpose of the ad-hoc body; and
  - (b) Terms of Reference for the ad-hoc body, which shall indicate the activities to be undertaken and the necessary timeframes; and
  - (c) provide details of the members of the ad-hoc body, and clearly set out the qualifications and expertise of each member; and
  - (d) indicate that the ad-hoc body shall consist of a total number not exceeding 11 and not less than 5 members, but in any event shall not be an even number; and
  - (e) indicate that the term of the members of the ad-hoc body shall not exceed a term of 12 months; and

- f. provide details of the proposed source of funding for the fees and allowances to be paid to members of an ad-hoc body; and
- g. other information or documentation as required by the Minister. (s.12.2).

- ▶ Where the National Executive Council is satisfied that the requirements have been met, it shall provide written approval for an ad-hoc body. (s.123).
- ▶ Where an ad-hoc body has been approved, the details of the ad-hoc body shall be recorded in the Register. (s.12.4).
- ▶ An approval by the National Executive Council under this Section shall be published in the National Gazette. S.12(5).
- ▶ Where an ad-hoc body intends to operate beyond its necessary timeframe, an application shall be made for an extension in the prescribed manner provided under Subsection 2. (s.12.6).

## **Section 13 (Fees and allowances for Ad-hoc bodies.)**

- ▶ All member of an ad-hoc body shall only be paid a sitting allowance.
- ▶ The ad-hoc body shall pay such fees and allowances to its members in accordance with Schedule 3.

### Division 4-General Provisions.

## **Section 14 (Review of Schedules of Fees and Allowances. )**

- ▶ The Schedules of fees and allowances may be reviewed every five years.
- ▶ When reviewing the Schedules of fees and allowances, the Minister must have regard to the following considerations –
  - (a) inflation; and
  - (b) minimum Wage Rate per day of sitting; and

- c) sector Specific Rate; and
- d) international best practice; and
- e) the prevailing circumstances of the country; and
- f) any other relevant considerations.

### **Section 15 (Register.)**

- ▶ The Department responsible for treasury matters shall maintain a register for the purposes of this Act.
- ▶ The Register shall contain information pertaining to the Boards, committees and ad-hoc bodies approved under this Act.
- ▶ Any other matters pertaining to the operation and maintenance of the Register may be prescribed in a Regulation.

# Part III. MINIMUM GOVERNANCE REQUIREMENTS

## **Section 16 (Reports.)**

- ▶ A Board shall, not less than 3 months prior to the conclusion of a calendar year, submit a report to the Minister on matters pertaining to the management and administration of that Board during that calendar year.

## ▶ **Section 17 (Monitoring and Evaluation.)**

- ▶ The Minister shall consider the report submitted and make an assessment on the performance of the Board during a calendar year.
- ▶ Notwithstanding the report under Section 16, the Board shall, upon the request of the Minister, furnish such addition information and documentation as reasonably necessary to assist the Minister conduct his evaluation under this Section.

The Minister shall assess the performance of a Board against the following criteria:

- ▶ the effective implementation of the objectives and functions of the Board; and
- ▶ the contributions of the members of the Board at meetings and in decision-making; and
- ▶ other requirements under this Act and any other law; and
- ▶ any other criteria the Minister may deem necessary.

Where the Minister has considered a report in accordance with this Section, he may:

- ▶ maintain the current fees and allowances for the Board; or
- ▶ issue a direction for a change in category for the Board; or
- ▶ issue appropriate directions to ensure compliance with the requirements under this Act; or
- ▶ make appropriate recommendations to the National Executive Council based on his assessment made under this Part, including a recommendation to abolish or reconstitute a Board.

## PART IV- MISCELLANEOUS

**Section 18 (Delegation of Powers)**- The Minister, in writing, can delegate all or any of his powers under the Act, except the power of Delegation.

**Section 19 (Regulations)**- The Head of State may make regulations that are not inconsistent with the Act, which prescribe all matters that are required or permitted by the Act, or are necessary to give effect to the Act.

**Section 20 (Audit)**- Fees and allowances paid under the Act shall be subject to regular auditing pursuant to the *Audit Act 1989*.

**Section 21 (Minister's Report)**- The Minister shall provide reports to the NEC on the performance of his functions under the Act, and the NEC may issue directions, where deemed necessary.

**Section 22 (Guidelines)**- The Minister may approve standards or guidelines for the purposes of this Act.

**Section 23 (Savings)**- Decisions or determinations made pursuant to the *Boards (Fees and Allowances) Act (Chapter 299)* before the operation of this Act are saved under this Act.

**Section 24 (Transitional Provisions)**- Any reference of the repealed Act shall be read as referencing and corresponding to this Act.

Any Board established prior to the coming into the operation of this Act shall continue to operate under their existing legislative frameworks, and shall as soon as practicable, take the necessary legislative action to comply with the requirements under this Act.

**Section 25 ( Repeal)**- The *Boards (Fees and Allowances) Act (Chapter 299)* is repealed.



**SCHEDULE 1.**  
**Schedule of Fees and Allowances for Boards.**

Category A (Base)			
Fee Type	Chairman	Deputy Chairman	Director
Stipend (per year).	K32,196.00	K22,558.00	K18,244.00
Sitting Allowance (per day).	K644.00	K429.00	K322.00
Category B			
Fee Type	Chairman	Deputy Chairman	Director
Stipend (per year).	K61,136.00	K42,835.00	K34,643.00
Sitting Allowance (per day).	K1,223.00	K816.00	K644.00
Category C			
Fee Type	Chairman	Deputy Chairman	Director
Stipend (per year).	K189,506.00	K81,399.00	K40,036.00
Sitting Allowance (per day).	K3,790.00	K2,527.00	K1,895.00

## **SCHEDULE 2.**

### **Schedule of Fees and Allowances for Committees**

<b>Category A (Base)</b>			
<b>Fee Type</b>	Chairman	Deputy Chairman	Director
<b>Sitting Allowance (per day).</b>	K483.00	K322.00	K242.00
<b>Category B</b>			
<b>Fee Type</b>	Chairman	Deputy Chairman	Director
<b>Sitting Allowance (per day).</b>	K917.00	K612.00	K483.00
<b>Category C</b>			
<b>Fee Type</b>	Chairman	Deputy Chairman	Director
<b>Sitting Allowance (per day).</b>	K2843.00	K1895.00	K1422.00

**SCHEDULE 3.**  
**Schedule of Fees and Allowances for ad-hoc bodies.**

Fee Type	Chairman	Deputy Chairman	Director
Sitting Allowance (per day).	K644.00	K429.00	K322.00

Any Questions/Feedback?