

FMM 03.31 Ex-gratia payments and compensation

31.1 Authority and Prescribed Requirements

- Public Finances (Management) Act 1995 (PFMA) Section 107 – Approval of Ex-Gratia Payments
- Workers' Compensation Act

31.2 Standards and Supporting Documentation

- Nil

31.3 Minimum Responsibilities

Department of Finance (DoF)

- Reviews and approves ex-gratia payment requests within the financial limits.
- Ensures payments comply with PFMA and budget appropriations.
- Maintains a record of all ex-gratia payments for financial reporting and audit purposes.

Government Departments and Agencies

- Submit ex-gratia payment requests with supporting documentation.
- Ensure compliance with loss reporting, injury claims, and compensation guidelines.
- Monitor payments and ensure proper reporting in IFMS.

Finance Officers

- Process approved ex-gratia payments through IFMS.
- Ensure payments are justified, documented, and classified correctly in financial statements.
- Reconcile all payments to prevent duplicate or unauthorised claims.

31.4 Mandated Policy

1. The PFMA grants authority to the Minister and the Secretary for Finance to approve ex-gratia payments and these , through this FMM, are limited to:

- Minister – Up to K50,000
- Secretary for Finance – Up to K25,000

Ex-gratia payments should only be made when a strong justification exists, such as financial hardship, loss, or injury.

Every officer of the Public Service is advised to take out adequate insurance to cover the full value of his personal effects, private furniture, household effects, motor vehicles, boat, and other personal possessions. The Government will not accept liability for losses incurred by officers residing in government or rented accommodation, quarters, hostels or other accommodation for loss or damage arising from fire, theft, storm, tempest, riot, civil disturbance and similar causes or Acts of God.

2. All ex-gratia payments must be recorded in IFMS when paid.

31.5 Non-Mandatory Guidance

31.5.1 Processing Ex-Gratia Payments for Loss of Personal Effects

- Claims must be submitted to the Department of Finance with supporting evidence.
- Verification is conducted to confirm the legitimacy of the claim.
- Payments are processed within the authorised financial limits (up to K25,000 by the Secretary and up to K50,000 by the Minister).
- The authorisation shall be by notice in writing and published in the National Gazette prior to the transfer of the ex gratia payment.
- The Finance Minister shall inform the National Executive Council at the next meeting of the Council after the issue of the authorisation of that ex gratia payment.
- All ex-gratia payments must be recorded under the appropriate expenditure category in IFMS.

31.5.2 Injury to an officer or employee

When an officer or an employee is injured in the course of duty, the superior officer present shall report such injury at the earliest possible moment after the injury occurs.

Such a report, under the Worker Compensation Act, shall be made irrespective of whether a claim for compensation has been made.

Reports of injury to workers or employees will be made in the first instance to the Head of Department. The report whenever possible should contain a statement by the injured person and an eyewitness to the accident stating the circumstances in which the injury was received and should include:

- a) The work on which the worker or employee was employed.
- b) The rate of pay and whether rations and accommodation were supplied.
- c) The names of his or her dependents, their ages and relationship.
- d) Whether the worker or employee during incapacity would receive wages, sick leave, rations, accommodation or other benefits.
- e) Whether the worker when injured was disobeying safety instructions during the execution of his or her work and the manner in which those instructions were conveyed to the workers.
- f) Whether the injury was attributable to misconduct on the worker's part.
- g) A medical report, when available, setting out the:-
- h) nature of injury
- i) period or likely period of temporary disability.
- j) degree of any permanent disability caused by the injury.

The above report will be furnished in all cases where an injury results in incapacity for work irrespective of whether a claim for compensation has or has not been made.

Further Information	frcd@finance.gov.pg
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