

NATIONAL SUPERANNUATION FUND  
ANNUAL ACCOUNTS 2007

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*Frieze work from Bank South Pacific Building- Port Moresby  
Artists: Collaborative work Joe Nalo, David Lasisi, Tom Greg, Gickmai Kundun and Stalin Jawa*

# National Superannuation Fund

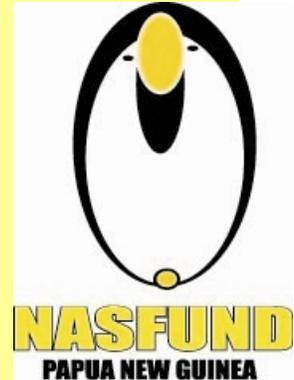
## Annual Report for the year ended 31 December 2007

### VISION STATEMENT

*“The first choice provider of superannuation and other services in Papua New Guinea”*

### VALUE STATEMENT

- **Customer service** is our first priority
- We rely on **teamwork** to achieve our goal
- We treat each other with **trust, respect, consideration** and **courtesy**
- We will operate with **honesty** and **integrity**
- We will **never turn a blind eye** to corruption of any kind
- The efficient **use of time** will be encouraged
- **Skill level, progress** and **contribution** will be encouraged and rewarded
- We will be **responsible** for our actions
- We will provide **necessary training** and equipment
- We will include the **necessary people** in decision making
- We will **empower** people to make and carry out decisions
- There will be opportunities to **learn** the whole superannuation process
- We **learn from mistakes** so that we can improve NASFUND and grow
- We will **communicate** NASFUND activities and results.
- We will do what we can to **support community** without impacting on members funds
- We will always protect the **reputation** of NASFUND by **ethical behaviour**



### MISSION STATEMENT

*“Safeguarding the retirement income of our Members in Papua New Guinea. To this end the Fund attempts to credit positive returns annually above inflation and at call money market rates. The Fund regards compliance to its investment guidelines as paramount to achieving this outcome.”*

**“THE LEADER IN SUPERANNUATION”**

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007 BOARD OF DIRECTORS

### **John G. Jeffery – Employers Federation of PNG**

Appointed in July 1999 to the previous NPF Board as an employer representative, John was elected in July 2002 as the inaugural Chairman of the privatised NASFUND. John was appointed as Director of Bank of South Pacific Limited in July 2001 and is Chairman of its Audit, Risk and Compliance Committee. John has been on the Executive Committee of the Employers Federation of PNG since 1993 and is currently serving his ninth annual term as President of the Federation. John is the Chairman of the Small Business Development Corporation; a Director of CPL Limited (Formerly City Pharmacy Limited) and a founding member of the PNG Institute of Directors. He also served as Chairman of PNG Power Limited.

While retiring as General Manager of Madang based James Barnes PNG Ltd at end of 2003, a position he held since March 1986, John continues to serve as the resident Director/Company Secretary. He is Managing Director of Jayliss Ltd, a family owned investment and consulting company and was a Member of the second Superannuation Task Force.

### **Mike Manning OL, OBE – Rural Industries Council**

The Rural Industries Council appointed Mike Manning in May 2002 to the NASFUND Board. Mike is Papua New Guinea's leading economic and social commentator and held the position of Director of The PNG Institute of National Affairs until his retirement in December 2005. He is now freelancing in a number of areas based in Kokopo, ENB. Mike comes to NASFUND with a wealth of Board and practical experience and stands at the forefront of the anti corruption drive as Chairman of Transparency International (PNG) and founding co-chairman of the Community Coalition Against Corruption. Mike holds a bachelor of economics and a master's degree (preliminary).

### **Sir Ramon R. Thurecht, OBE – Manufacturers Council of PNG**

Ramon was appointed to the Board in 2003 representing the Manufacturer's Council of PNG. He was previously on the Board of PNGBC and Finance Pacific Limited. He has been Chairman of both the Port Moresby and The Papua New Guinea Chambers of Commerce and is current Chairman and CEO of

The Papua New Guinea Printing Group of Companies. He is a Director of InfraTech Consultants Ltd and Chairman of the SPAC Flying Trust. Ray is a Foundation Fellow of The Australian Institute of Company Directors and is a Member of The PNG Institute of Company Directors. He is also currently The Honorary Consul in PNG for The Independent State of Austria.

### **William Lamur – PNG Chamber of Commerce**

The PNG Chamber of Commerce appointed William to the NASFUND Board in May 2002. William until recently was the General Manager of Origin Energy (PNG) Ltd. Before this, he spent twenty years with Shell PNG Limited both in PNG, Australia and Solomon Islands, working his way to senior management. William is seen as one of PNG's leading private sector business leaders. Previously Chairman of Post & Telecommunication, he currently sits as Chairman of East New Britain Development Corporation, Chairman of the National Development Bank, a Director of Andersons Foodland and Trukai Industries Ltd. He is a Councillor of the Institute of National Affairs. William holds a Bachelor degree of Business Studies from the Lae University of Technology.

### **Reg Monagi – Workers Representative**

Reg Monagi was selected as the worker's representative on the NASFUND Board in July 2002 from an extensive list of applicants. Reg has had extensive private sector experience having previously worked with Shell PNG, British American Tobacco and Colgate Palmolive (PNG). He is currently National Sales Manager with SP Brewery Limited.

Reg holds a Bachelor of Arts Degree, (in Psychology), from the University of Papua New Guinea, a Master of Business Administration and a Diploma of Company Directors Course, both from the University of Queensland. A graduate member of the Australian Institute of Company Directors, Reg is a founding member of the Papua New Guinea Institute of Directors.

# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

### **Mr Reg McAlister – Trade Union Congress**

Reg is the Trade Union Congress representative and regards himself as “true trade unionist” after many years of active involvement in the movement. Starting his career with the Waterside Workers and Seaman’s Union, he rose to the position of General Secretary. He has held positions as the General Secretary of the National Airlines Union and currently holds the position of General Secretary of the PNG Maritime Workers Industrial Union. Reg is no stranger to NASFUND having being a Trustee of the former NPF from 1980 to 1985. He has also served as a Director on the PNG Harbours Board.

### **Dr John Nonggor – Independent Director**

Dr John Nonggor is your independent representative on the NASFUND Board. John was selected from a large number of candidates on the basis of his strong legal background and his commitment to good governance through his role as Director on the Board of Transparency International.

### **Ernie Gangloff– (Non Director – Audit)**

Ernie Gangloff is a Manager with Deloitte Touche Tohmatsu in Port Moresby. He holds a degree in Accounting from the University of Technology and is an Associate Member of CPA PNG and the Institute of Internal Auditors (Australia). Ernie is a member of the PNG Institute of Directors and serves on the Executive Committee of the Business Council of PNG.

Ernie has experience in corporate governance, risk management, internal audit and consulting services. He has over ten years in senior management roles within the private sector before joining Deloitte. He has contributed to the development of internal auditing through facilitating training courses and seminars for the Institute of Internal Auditors, PNG Chapter.

### **Mr Anton Sekum – PNG Banks & Financial Institutions Workers Union**

Anton Sekum was appointed to the Board replacing Charles Evi in June 2007. He has been the President of BSP branch of the Union since mid 1999. He is also the Acting National President of PNGB & FIWU and current Treasurer of the PNG Trade Union Congress.

Anton has been with BSP since 1992 and is the Manager Risk in the Bank’s Audit & Risk Business Unit, which reports functionally to the BSP Board Audit, Risk & Compliance Committee. He is a member of the Risk Management Institute of Australia, Institute of Internal Auditors – PNG Chapter, and PNG Institute of Banks & Business Management. He qualifies as a Certified Risk Analyst from the American Academy of Financial Management and holds a Post Graduate Diploma in Banking from Massey University in New Zealand.

### **Melchior (Mel) Togolo CBE - PNG Chamber of Mines & Petroleum**

Mel Togolo is currently the Country Manager, Nautilus Minerals Niugini Limited. He continues to be on the board of Westpac - PNG Limited. Currently he is a Councillor of the Institute of National Affairs, Member of the Finance Board of the Catholic Bishops’ Conference and founding Executive Member of the Papua New Guinea Chapter of Transparency International. Mr Togolo is also on the Board of Jesus Centre Halfway House, which caters for homeless young people. He is on The Executive Committee of the Business Council of Papua New Guinea. He is a graduate of UPNG, University of Leeds (UK) and University of Hawaii (USA).

### **Lady Mina Siaguru SM – Independent Director**

Lady Mina is an independent to the NASFUND Board and comes as one of the most experienced persons in Superannuation in Papua New Guinea. She was the previous Chairperson of the recent follow up Taskforce into Superannuation, and a member of the initial taskforce set up in 2001 in the establishment of a regulated industry. Lady Mina has sat on two Commissions of Inquiry, one into the former National Provident Fund and the other into the former Defence Force Fund. Currently Lady Mina chairs Leadership PNG, an organisation that fosters young aspiring Papua New Guinean leaders. She is also a Director of the Port Moresby Stock Exchange and a Director of Divine Word University.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

### CHAIRMAN'S STATEMENT

Dear Members,

In 2007 Papua New Guinea held general elections that were notable for its calm and orderly manner. Good investment returns rely on a stable environment, a robust economy, commitment to the independence of institutions and internationally a strong world economy- of which Papua New Guinea has been well placed to benefit from. Going forward we would like to see the Government use the current good international climate to initiate reforms, reforms that put competition at the forefront as a mechanism to transform antiquated state institutions. Measures that promote competition should not only lift growth and employment opportunities but going forward make us less reliant on overseas factors for sustainable prosperity.

While internationally equity markets have become nervous over the American home lending market, locally a different story presents itself. While not immune from issues affecting the international economy including major developments in the United States, the combination of political and economic stability at home and a diversified portfolio contributed to a strong return to members irrespective of growing instability in financial markets overseas.

The stellar 37.0% net of tax crediting rate on the back of performances of local equities and in particular the New Britain Palm Oil listing in London is no doubt pleasing to Members. I will however caution members that double digit returns such as these come very rarely and that Member's cannot expect a similar or even near similar return in 2008. NASFUND is also maintaining a reserving level of some K79 million or 6% of the Fund to ensure protection of members funds in case of a serious downturn. The Board, in conjunction with the approved 2007-08 Risk Management Statement and current uncertainty in financial markets decided that this level was prudent. As usual, the Board combines a strong reserving pool with a conservative valuation position in determination of the annual crediting rate.

I am pleased that our commitment to client servicing has been extended to new branch openings in Popondetta and Kavieng. With eleven branches around Papua New Guinea, we have the largest reach of any Fund in the country. Popondetta has a large number of oil palm block

owners and over 1,000 have already joined our relatively new product, *Eda Supa*, designed for those currently outside the superannuation net wanting to take care of their future.

**Date: 23 January 2008**

Since commencement of *Eda Supa* 14 months ago, some 2,780 people have joined. I welcome those members and reaffirm our commitment to extend superannuation access to all Papua New Guineans.

The Branch office network, the client service arm and the website remain our continued area of focus and quite frankly our success –Evidence of that commitment is seen in the following

- 16,800 website hits
- 200,000 phone calls to our phone in centre
- 34,405 withdrawals and
- Assisting over 2,200 members with housing advances.

The continued focus on client service led to the employment of additional staff in key branches.

This year also saw the start of the NASFUND e-newsletter, a monthly newsletter sent out to over 10,000 email addresses keeping members abreast on superannuation and Fund matters. Communication also focused at the shop floor level in 2007 with over seven employer conferences and meetings with over 390 employers and their employees. The results speak volumes with an additional 12,000 members and an additional 257 employers joining NASFUND over the year.

In late 2006, the Chief Executive Officer, Mr Rod Mitchell began the process of elevation of Mr Ian Tarutia MBE to the position of joint Chief Executive Officer. I am pleased that in 2007, the Board resolved to appoint Mr Tarutia as joint CEO, joining Mr Mitchell in the on going task of managing the business with distinct roles. Mr Mitchell, besides the investment and strategic focus, will continue the excellent work started in 2007 by NASFUND in the establishment of BAHA, the PNG chapter of the Asia Pacific Business Coalition on HIV & AIDS.

While recognising that HIV & AIDS is the pressing development and health issue of our time, I am also pleased that NASFUND continues to play a vital role on other social issues within the community. In 2007 we focused through one of our television commercials, awareness on reducing domestic violence in the community. I can only applaud such an initiative.

With another successful year completed, I thank my fellow Board members, senior management and the staff,

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

who have built NASFUND into the leading financial institution in the country.

**Mr. John G. Jeffery**  
Chairman

### MANAGEMENT STATEMENT

23 January, 2008

Dear Employer and Member,

A true measure of a community is not in its gross domestic product, or its income or its roads: - It is in how we treat mothers, children, the poor, the vulnerable and the disadvantaged that is the true test of a healthy community. Caring communities also demonstrate a respect for those living with HIV and AIDS: - Included also are the minorities that tend to be too often seen as social outcasts: - Included are people from outside a region: - And include are those that embrace modernism as well as those who stand with tradition. The melting pot called community embraces and cares for all.

Building strong communities means thinking more about others than ourselves. That is what NASFUND stands for – **Putting People First**. But what does that mean and how does NASFUND meet principled objectives? NASFUND delivers on the “**People First**” objective both internally and externally in the following

#### Internal - Members

Corporate Governance  
Open Communication  
Client Service  
Strong Returns  
Effective Complaints Mechanism  
Private Sector Board

#### External - Community

Empowering Women  
Domestic Violence  
HIV Awareness  
Tuberculosis Awareness  
Financial literacy  
Information Library

#### External – Business

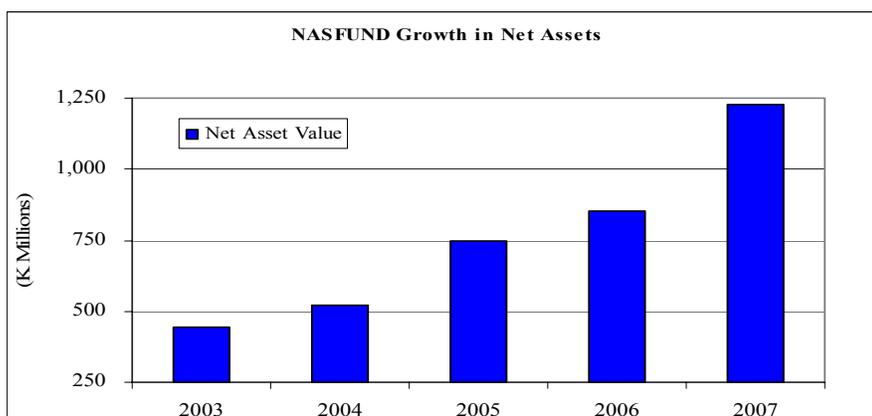
Trainee Directors Program  
Home of the PNG Institute of Directors  
Home of Business Coalition on HIV/AIDS  
Anti Corruption Campaigns  
Central Bank Personnel Trainee program  
Governance Model

The former Israeli Prime Minister, the late Golda Meir stated “*to be or not to be is not a question of compromise. Either you be or don't be*”. And at the end of the day that's why we stand out from the crowd as the number one Superannuation Fund. We lead, while others follow. We not only do the talk, we do the walk:- And as we do this we always remain mindful of that secret in life espoused by the writer Lewis Carol– “*that all that is really worth the doing is what we do for others*”.

#### Fund Highlights 2007 - A summary

- Fund return - 40%
- Crediting rate - 37%
- Fund growth - 45%
- Fund reserves - 6%
- 257 new companies contributing to NASFUND
- Active membership increases by 14% -12,126 new members
- 399 marketing presentations to employers
- New offices opened in Popondetta & New Ireland
- Awareness campaigns on HIV & AIDS, Domestic Violence and Tuberculosis
- Monthly newsletter commences

#### Fund Growth



# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

### Statistical Information

	2003	2004	2005	2006	2007
<b>Assets &amp; Liabilities</b>					
Net Asset Value (000)	444,460	522,426	748,425	851,309	1,233,301
Growth	36%	18%	43%	14%	45%
<b>Profitability</b>					
Net Profit After Tax (000)	53,022	53,458	160,145	69,491	321,105
Interest credited to members accounts	12.50%	14.50%	29.00%	10.00%	37.00%
Reserves % NTA	7.30%	5.70%	6.00%	6.00%	6.00%
<b>Employers &amp; Active Members</b>					
Number of Active Employers	981	1,014	1,123	1,227	1,451
New Employers Registered (gross)	93	79	188	128	257
Employers receivership/merged	(57)	(46)	(79)	(24)	(33)
Level of employer default	21	16	26	30	45
Number of Active Members	71,534	71,505	79,233	86,275	98,401
Number of Inactive Members					152,898
New members registered (gross)	23,187	19,431	25,563	28,409	37,550
<b>Expenses</b>					
Total Expenses (000)	(7,683)	(9,146)	(9,946)	(11,369)	(13,540)
Management Expense Ratio	2.10%	1.91%	1.56%	1.43%	1.30%
Outsourced Back Office Provision (000)	1,488	1,775	2,041	2,360	2,628
Outsourced Investment Management (000)	807.1	1,134.6	634.4	723.5	1,161
Number of full time staff	48	59	71	73	85
<b>Cashflow</b>					
Withdrawals (000) (gross)	37,245	37,169	65,915	88,322	73,100
No of Members who received Benefit Payment	14,900	14,500	28,611	34,667	34,405
Contributions (000)	102,970	82,593	128,506	118,284	139,849

Deloitte  
Touche  
Tohmatsu

### Our Partners in Success



**Ashton Brunswick**  
Auctioneers - Property Management - Valuations



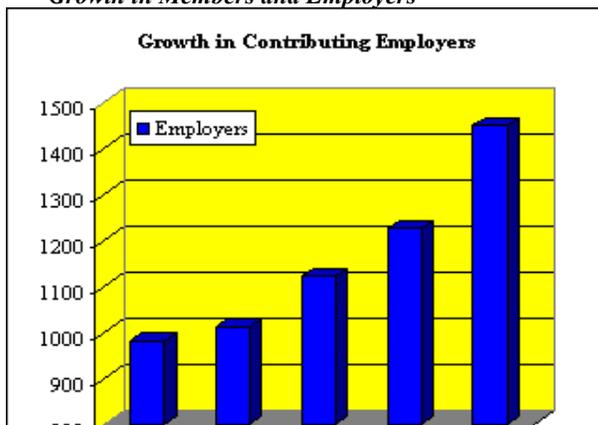




**BSP CAPITAL LIMITED**

“Independent outsourced professional operators are your independent safeguards for management with integrity”

### Growth in Members and Employers

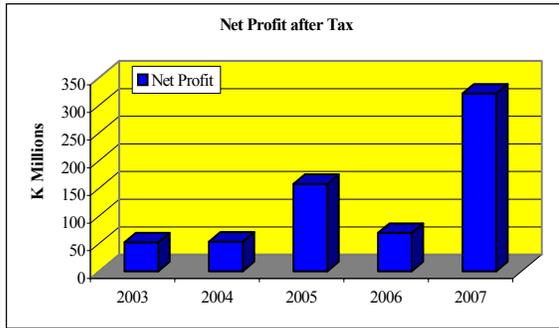


# National Superannuation Fund

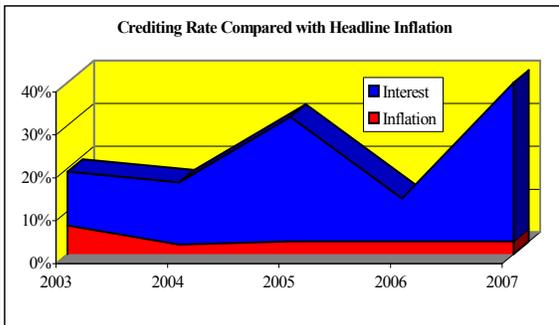
## Annual Report for the year ended 31 December 2007

### Fund Performance Breakdown

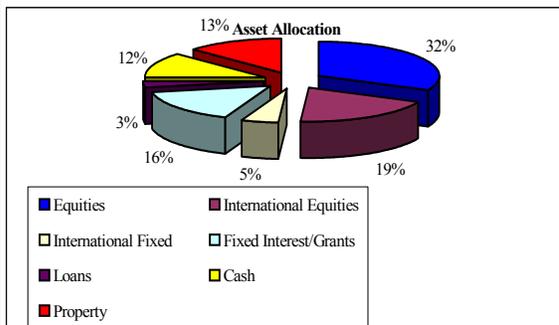
#### Net Profit After Tax



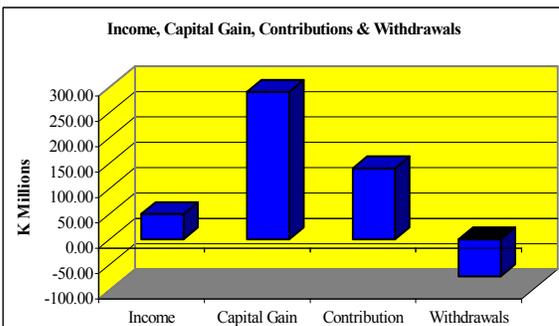
#### Real Returns



#### Asset Allocation

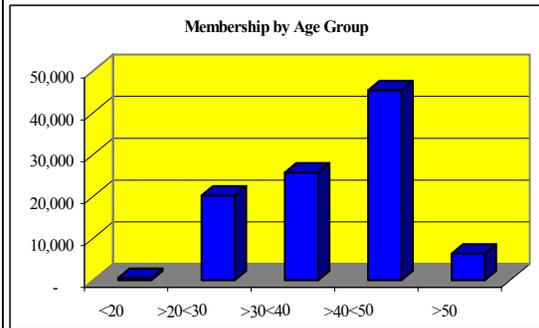


#### Revenue & Income

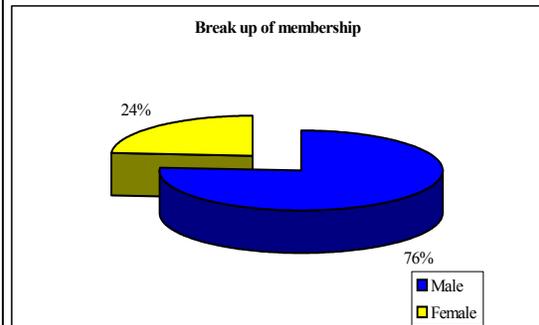


### Employer/Member Breakdown

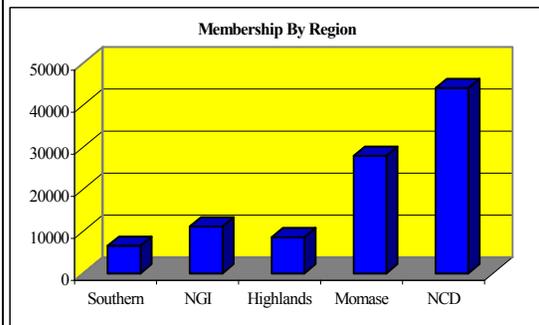
#### Date of Birth



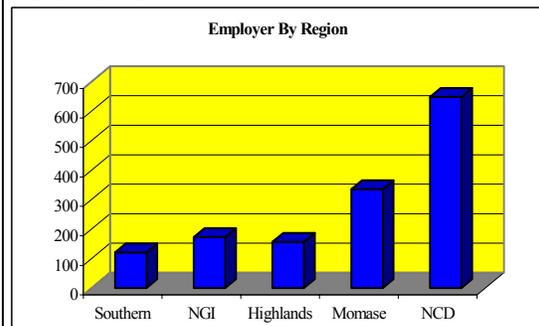
#### Male/Female



#### Member by Region



#### Employer by Region



# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

### ***The 2007 Investment Program***

In 2007, NASFUND embarked on a major investment drive on well prepared ground work done in 2006. Our major area of focus was in land and construction development. The following is a summary of some of our recent investment decisions.

#### **Property**

##### **Harbour City, Port Moresby**

NASFUND has purchased three prime location vacant blocks at Harbour city. Contracts have been signed with Curtain Brothers and Fletcher Morobe for the construction of 4,200 square metres of commercial space with ANZ (PNG) Limited as the anchor tenant. Construction commenced in August with an anticipated completion date of December 2008. Two further developments are planned, comprising a further commercial office block of 5,000 square metres and an apartment complex of 20 units. The buildings will have canal frontage with views to the yacht club and ocean.

##### **Konedobu, Port Moresby**

NASFUND purchased 9,257 square metres of land at Konedobu and is about to commence construction of a three story office complex comprising 2,792 square metres and seven warehouses comprising 4,830 square metres. This project is due for completion by March 2009. This site is within two kilometres of the Central Business District and the main wharf.

##### **Post Courier Haus Lae**

The Post Courier Haus building was settled mid 2007 and is undergoing a K1.5 million upgrade which will be completed in March 2008.

##### **Burns Philp Haus Site 52% CBD Port Moresby**

NASFUND purchased 52% of the Burns Philp site standing on 6 titles comprising 5,191 square metres of land.

##### **Josey Street Lae**

Our Josey Street purchase in 2006 underwent a major renovation and expansion in anticipation of a long term rental to Trukai Rice. With over 3,000 square metres under one roof, the Josey street warehouse is now the biggest single warehouse in Lae

##### **Heritage Park Hotel 60% (Solomon Islands)**

NASFUND has commenced construction with Lamana Developments a 48 room and 20 apartment hotel complex on the 2.43 hectares of waterfront land in Honiara. Due for completion in 2009, the Heritage Park hotel will be the newest and highest quality hotel in the Solomon Islands.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

commercial hiring companies. NASFUND along with the other shareholders are developing a five year plan to expand the business with an eye to an eventual stock market listing.

### Land Purchase 50% CBD Port Moresby

NASFUND has entered into an agreement to purchase 50% of seven land titles comprising 5,786 square metres in the Central Business District of Port Moresby. Currently we are working with our shareholders to consolidate and reissue certificates of title.

### Equity

#### Ramu Sugar Limited (10%)

After months of negotiations NASFUND was able to secure 10% of Ramu Sugar in a private placement to reduce debt within the RAMU Sugar balance sheet. This took NASFUND'S holding to 19.75% of the company. Ramu Sugar is one of PNG's leading agriculture businesses with interests in sugar, beef and oil palm.

#### NEC (80%)

Through DataNets, a 60% owned investment of NASFUND, purchased NEC, a company specialising in PABX systems with a large private client base. This horizontal integration fits nicely in our long term strategy to grow DataNets in anticipation of a public listing.

#### Hornibrooks (20%)

NASFUND completed a 20% buy-in of Hornibrooks, one of PNG's leading construction and

### *Investment Transactions Undertaken over 2007- Excluding Cash and Government Securities*

Investments sold or purchased	Classification	Investments sold or purchased	Classification
Steamships	Equity	Burns Philip Haus (52%)	Property
New Britain Palm Oil	Equity	Konedobu Land	Property
Ramu Sugar	Equity	Post Courier building Lae	Property
Credit Corporation (inc div reinvestment)	Equity	Kitogara S215 L1&4 (sale)	Property
Lihir	Equity	Coral Sea Suites (sale)	Property
BSP Limited (inc div reinvestment)	Equity	Harbour City	Property
BSP Limited (sale)	Equity	Mel Management Services Ltd (49%)	Loan
Oil Search	Equity	Pacific Rim Plantations	Loan
City Pharmacy	Equity	PNG Power consortium loan	Loan
Highlands Pacific Limited	Equity	Roamfree teen notes	Convertible
AMP Capital China Growth Fund	Equity		
<b>Investments purchased/sold but not settled</b>			

# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

### ***Directions that Shine in Superannuation***

NASFUND in its short existence has been the pride of Papua New Guinea's corporate world. An organisation that has grown at an annualised rate of over 33% p.a since 1999, with a 40% increase in the number of employers and a growth in membership of some 78% over the period. This is not something that just happens. It happens because of leadership and commitment to excellence. It happens because we built a credible platform with an extensive branch net work. It happened because we do more than just talk. We actually walk the walk. From day one we have chosen not to follow as the path may lead. We chose to go where there was no path and leave a trail for others to follow.

NASFUND is differentiated. It led the way with superannuation reform. It was NASFUND's detailed submissions that drove the two Taskforces into Superannuation in its deliberations. It was NASFUND that created the Association of Superannuation Funds. It was NASFUND that led the governance charge when it came to the management of public monies. It was NASFUND that led the charge when it came to public disclosure and accountability. It was NASFUND that played the leading role in the merger of Bank South Pacific Limited with the corrupted and comatosed PNGBC, leading to the vibrant international Bank that it is today. - A Bank that all members now have a stake in through their superannuation, and that other Funds through NASFUND's initial key involvement now also enjoy the benefit of our work.

NASFUND has also led the way in corporate responsibility. Taking a modern view that companies have a role to play in meeting community aspirations, NASFUND has driven strong campaigns on the issues of the day – from governance, empowerment of women and combating domestic violence and health issues like Tuberculosis and HIV & AIDS. NASFUND not only wants a private sector membership with strong savings that lead to greater options and life choices. We want a membership that enjoys the fruits of their labour by keeping healthy and being able to equally participate in the community.

And now NASFUND takes the lead once again. This time it is with the private sector response to HIV & AIDS through the establishment of BAHA, the PNG Business Coalition against HIV & AIDS. Together, we the private sector membership of Papua New Guinea combined with our employers will take the lead in this war for the safeguarding of you and your family.

NASFUND will continue to stay the course - Your number one fund - The leader in superannuation that continues to blaze the pathway for others to follow.

Rod Mitchell  
**Chief Executive Officer**

Ian Tarutia MBE  
**Chief Executive Officer**

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

Artist: – Gickmai Kundun *Seen and Unseen Spirits* oil pastel on paper 42" X 34.25"

Artist: – Gickmai Kundun *Hardship Mary* pastel on paper 42" X 34.25"

### Understanding Crediting Rates, Returns, Expenses and Fees

NASFUND is a not for profit non-government organisation. All profits generated by the Fund are returned to Members. The following outlines the crediting rates, returns, expenses, and fees within the organisation.

#### Board Fees

Allowance	Board Member	Chairman	Period	Date of Entitlement
<b>Fee</b>	K3,600	K5,000	Quarterly	01/July, 01/October, 01/January, 01/April
<b>Additional Fees for Committee Members</b>	K900	K1,000	Quarterly	As above
<b>Sitting Allowance</b>	K400	K400		At each Board Meeting or Committee Meeting
<b>Airfares &amp; Hire Car</b>	Yes (Economy) For non POM residents only	Yes (Economy) For non POM Residents only	For night before & day of meeting only	Paid Directly by NASFUND on invoice
<b>Accommodation</b>	For non POM residents only	For non POM residents only	For night before & day of meeting only	Paid Directly by NASFUND on invoice: - Corporate Rates apply

#### Entry and Exit Fees

**Entry Fees:**

K10

**Exit Fees:**

K20 for a full withdrawal or K10 per withdrawal under partial withdrawal.

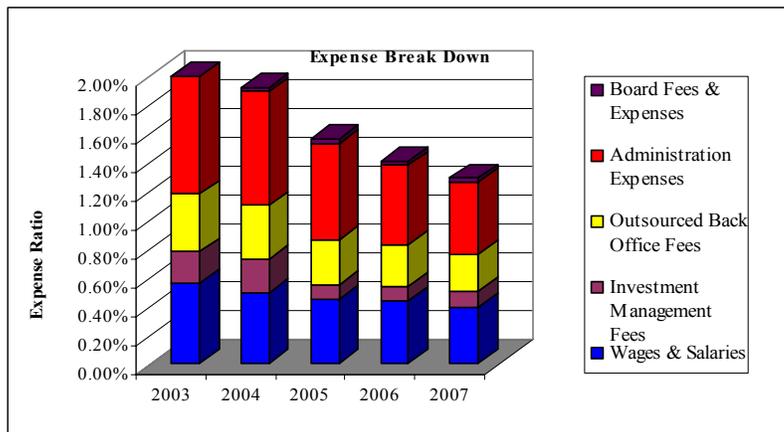
**Membership Card:**

K15

**Administration Account Fee:** A Members account with a current balance under K100 that has remained inactive over five years will have an administration fee of K100 applied, effectively cancelling the Member's account.

No other fees are charged.

#### Expenses



*Management Expense Ratios*

*Artist: Gickmai Kundun*

## National Superannuation Fund

### Annual Report for the year ended 31 December 2007

The Management Expense Ratio (MER), measures as a percentage, administration expenses against the net asset value of the Fund. This ratio is often seen as a measure of administration efficiency. The prudential standard issued by the Central Bank stipulates that the MER is to be calculated by dividing the expenses of the Fund by the average monthly net asset value of the Fund.

2003	2004	2005	2006	2007
2.10%	1.91%	1.56%	1.43%	1.30%

#### *Crediting Rate*

After the end of year audit of the NASFUND Accounts, interest is credited after taking into account the following

- The earnings generated by the Fund
- Taxation applicable
- Expenses incurred and
- Reserving policy in light of the full review of the risk management statement

Interest is credited on a time-weighted basis in accordance with international standards. This means that contributions received by the Fund during the year relating to the crediting will also be subject to interest. Interest is usually credited in February of each year.

#### *Interim Credit Rate*

Members who decide to leave before a crediting period (Annual Review) will receive an interim-crediting rate. The interim credit rate is determined from time to time with reference to the Fund performance.

- The interim crediting rate is currently set at 1.5%

#### *Returns to Members*

	2003	2004	2005	2006	2007
<b>Gross Return to Member</b>	<b>19.61%</b>	<b>17.40%</b>	<b>35.96%</b>	<b>12.22%</b>	<b>42.71%</b>
<b>NET PROFIT AFTER TAX</b>	<b>16.05%</b>	<b>13.57%</b>	<b>32.83%</b>	<b>10.10%</b>	<b>40.32%</b>
<i>Less</i>					
<b>Reserves<sup>^</sup></b>	<b>3.55%</b>	<b>(0.77%)</b>	<b>3.83%</b>	<b>0.10%</b>	<b>3.32%</b>
<i>Equal</i>					
<b>CREDITING RATE TO MEMBER</b>	<b>12.50%</b>	<b>14.50%</b>	<b>29.00%</b>	<b>10.00%</b>	<b>37.00%</b>

<sup>^</sup> Reserves are not expenses and remain part of Members Funds. Reserves are used in conjunction with the Risk Management Statement to minimise loss within the Fund. – See *Understanding Reserves below for more information.*

*It should be noted that past returns are not an indication of future returns.*

## Understanding Reserves

NASFUND is committed to crediting Member accounts with all the benefits from the investment of Member funds over time. The Trustees have set a general policy of crediting all income earned from the investment of funds to the accounts of Members. NASFUND maintains a Reserve Account to assist in managing investment fluctuations and to help reduce any uncertainty of returns for Members. Under its Governing Rules and under the prudential requirements of the Superannuation (General Provisions) Act 2000, the Trustees are required to actively manage investment risks on behalf of Members.

At the end of each financial year, the Trustees review the adequacy of returns to Members. The Trustees then determine whether any adjustment is to be made to the amount of investment returns to be credited to Member accounts for that year by drawing upon, or adding to, the Reserve Account. In this way, the Reserve Account acts as a buffer to reduce the impact on Members in the event of a market downturn and so smooth out the returns to Members over time. NASFUND is committed to the management and investment of the Reserve Account consistent with the stated investment strategy of the Fund and its obligations to Members under its Rules and the

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

Superannuation Act. Funds under management are invested as a whole for the benefit of Members. The Trustees are concerned that the principles of equity and consistency apply at all times in its application and investment of all funds under management.

### Understanding the Withdrawal Process and Benefits

#### 1. *How & When Can I Withdraw My NASFUND Savings?*

A member, may withdraw their contributions for the following reasons:

- Housing
- Unemployment
- Death
- Disability
- Emigration
- Retirement

#### 2. *If I Am Unemployed Why Do I Need To Wait 12 Months To Get My Funds?*

The Superannuation Act 2000 has stipulates a 12 months waiting period before access of benefits to promote the concept of long-term savings for retirement. If you secure employment within a year it is expected that you must resume your contributions and continue the build up of your retirement savings.

#### *But 12 Months Is Too Long. What If I Do Not Find A Job? I Need My Money Now!*

True. We recognise that it may not be easy to secure alternate employment and uncontrollable circumstances may cause individuals to face financial difficulties especially when the flow of income stops or savings are exhausted. If after three months has lapsed and you are still unemployed, you are allowed a partial withdrawal of your funds. In this instance you must give reason(s) why you want an early release of your funds and provide supporting documentation.

#### 3. *How Much Will Be Paid To Me?*

**Full Withdrawal** - you will be paid 100% of your contributions, 100% of the employer's contributions plus accumulated interest less tax and an exit fee of K20.00.

**Partial Withdrawal** - if you have a balance less than K1,000.00 we can pay you in full. If it is an amount over K1,000.00 we will pay you a minimum of K200.00 per month or up to 50% of your last monthly salary per month (whichever is the greater amount) until you find another job or until the 12 month waiting period expires, whichever comes first.

#### 4. *What Forms Do I Need To Complete In Order To Withdraw My Funds?*

Other than death and housing advances, the forms you require are:

1. **SF21** - This form is completed by yourself and signed by your last employer. The SF21 has been reviewed and is much more easy to read and understand.
2. **SF6** - This form is completed by your employer and confirms your exit from the company.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

3. **SF2** - This is a nomination and declaration form and is usually completed at your initial registration as a member. Apart from using it to identify you it is also used to determine your tax liability because of your dependants. It is handy at point of withdrawal especially when you do not update your beneficiaries. As a general rule we ask members to complete the form again especially if you are a long serving member.
4. **SF22** - Your nominated beneficiaries complete this form in the event of your death. A copy of the original death certificate must accompany this form when it is submitted.

### 5. *How Is My Entitlement Paid To Me?*

As a matter of policy NASFUND will never pay you in cash. This is for obvious security reasons. NASFUND will pay your entitlements by direct deposit and or by crossed cheque into your nominated bank account. In this regard we encourage all members to open a bank account and to conduct all financial transactions in this manner. If the cheque amount is below K500.00 we can pay you over the counter once we confirm your identity. Amounts in excess of K500.00 will be deposited into the member's bank account.

### 6. *If I Am Eligible To Withdraw My Funds, How Long Do I Have To Wait To Receive My Entitlements?*

We have a benchmark turn around time to screen and process clean applications within three working days. A clean application means the forms have been completed correctly, the former employer has paid all due contributions and importantly that we have no query on your application. If there are queries, you can expect delays.

### 7. *How Is The Cheque Processed?*

Once an application is screened and certified for processing, the application is sent down to our Fund Administrator's office and they will process your cheque payment. Our Fund Administrator is Aon Consulting (PNG) Ltd. This process takes about two days.

*Please Note: Although we respect your right to withdraw your funds when you are entitled to, we ask that you consider the long-term implications of taking away your future nest egg. If you do not need the money now, do not touch your retirement savings. Think of the future and not just today!*

**Relevant Form for Member Seeking Withdrawal Because of Unemployment**    **FORM SF21 & SF6**

## What is the NASFUND Housing Advance Scheme?

### *Housing Advance Scheme*

The housing advance scheme is a benefit that is offered to members while they still contribute to the Fund.

Under changes to the Superannuation Act effective May 2007, a member is able to withdraw up to 100% of their employee contribution only to

- assist with the purchase or building of a principal residence,
- form a deposit for a bank advance
- carry out maintenance/improvement to the house he/she already owns or
- to buy State land on which to construct a house.

A Member is able to withdraw his/her contributions to construct a house located on his/her own customary land.

# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

**Note:** Advances to build or buy a house in a squatter settlement is not allowed.

### ***Obligation by Member***

- Must be a Member of an Approved Superannuation Fund for five consecutive years;
- Member to repay housing advance by a further 2% of contribution from the employee portion until the advance is repaid;
- Purchase of land or purchase and construction of a dwelling must occur within six months of an advance;
- A declaration of completion must be furnished to NASFUND on finalisation of the purchase or completion of the construction or addition to a house.

### ***Rules for Accessing Superannuation for Housing Advance***

- Purchase of principal place of residence for member;
- Deposit for a Housing Loan from a recognised banking institution;
- Purchase of land for the construction of a dwelling of principal residence;
- Purchase of solar panels or generators for the house;
- Purchase of building materials to build a house;
- Purchase of a stove or refrigerator;
- Substantial renovation or improvement of an existing home owned by the member (Over K1,000);
- Labour & transportation costs of housing materials up to the value of K600.00 only.

### ***Amount of Advance***

- Withdrawal of advance is up to 100% of the member's employees contributions only;
- The advance cannot be paid directly to the member;
- Further advances are subject to full repayment of the previous advance;
- A further advance cannot exceed the initial advance.

### ***Breach of Advance Rules***

- Any breach of the Superannuation Act or misuse of the housing advance will render the application void and the Fund will cancel or seek to recover the advance.

### ***What Documents Are Required To Support Your Application?***

- A copy of stamped Contract for Sale and Memorandum of Transfer;
- A copy of letter from your bank or approved financial institution confirming availability of further funding.

### ***Building a House/Improvement on State Land?***

- If you are building a house, carrying out improvements or maintenance to your own house you will need to submit:-

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

- a) A copy of title to the property (proof of ownership);
- b) Quotation from the supplier of building materials or the contractor who is going to build the house or carry out maintenance/improvement(s). This is important as the cheque will be made payable directly to the supplier of the materials or the contractor and **not to the member**.

*"Duk Duk" Public Installation Gordons by Ruki Fame*

*"The tree haus" by Ruki Fame*

### ***Building a House/Improvement on Customary Land***

If you are building a house on your own customary land or already built a house but wish to carry out maintenance or improvements, you will have to complete a "Clan Land Usage Agreement" form. In the absence of a proper legal title, this document serves as proof of your ownership of land by customary right.

### ***Clan Land Usage Agreement Form***

A Clan Land Usage Agreement Form must be fully completed in order to build a house or undertake improvements to an existing house on customary land.

**Relevant NASFUND Form for Member Requesting Housing Advance**

**FORM SF24**

## Payment on Death of a Member

Upon the death of a member, NASFUND shall pay to the nominated beneficiaries the deceased members contributions in accordance with the nomination made by the member.

To avoid disputes between family members of the deceased over paying out the contributions to the rightful beneficiary you should review your nomination forms regularly. This should include updating the nomination forms upon marriage or separation or upon birth of a child or death of a nominee. In each of those cases, the following rules apply.

- (a) Where there is a nomination form existing then the contributions must be paid to those nominees in accordance with the nomination.
- (b) Where there is a nomination existing but it relates only to a part of the members contributions (eg. 50%) then:
  - The part to which the nomination relates must be paid in accordance with the nomination; and
  - The part to which the nomination does not apply must be paid in accordance with custom or a decision of the court. This includes cases where there is no nomination or none of the Nominees named are alive.
- (c) The Contributions will be paid in accordance with custom or a decision of the court under the following circumstances:
  - No valid nomination exists; or
  - No nomination was made; or
  - None of the nominees named are alive
- (d) If with the application of the rules, the dispute cannot be resolved, than the deceased members contributions will be paid to the Public Curator for distribution in accordance with the provisions of the *Wills Probate and Administration Act Chapter 291*.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

Relevant NASFUND Form for a Family Member of a Deceased Seeking Withdrawal Because of Death of a Member **FORM SF 22**

### *Beneficiaries*

Please ensure that every six months when you receive your superannuation balance statement that you look at your list of nominated beneficiaries. It is in your interest that you and your partners' beneficiaries are accurately recorded to represent your wishes. There have been many heartaches and unfair allocation of beneficiary entitlements due to careless oversight in this regard. Remember superannuation is not just about you; it is also an asset that can protect your family and loved ones in case of your untimely death.

Relevant NASFUND Form for Change or Nomination of Beneficiary **FORM SF10**

## Emigration – Leaving Papua New Guinea

Specific rules govern the payment of contributions to members on emigration. The Act deals with two situations:

- (a) Permanent emigration from PNG; and
- (b) Non – Citizen permanently leaving PNG.

### **1. Permanent Emigration from PNG**

Where a member permanently emigrates from PNG their contributions will not be paid to them until after one year has lapsed since departure from PNG

### **2. Non – Citizen Permanently Leaving PNG**

Where a non-citizen member permanently leaves PNG, their contributions will be paid in the following way:

- (a) All contributions made prior to 31 May, 2002 will be paid to the member immediately upon departure
- (b) The balance of the contributions made after 31 May, 2002 will be paid to the member after one year has lapsed since departure from PNG

Relevant Form for a Member leaving Papua New Guinea Permanently **FORM 21 & SF 6**

## Payment on Retirement

Members may withdraw their contributions upon retirement under the following circumstances:

- (a) On ceasing to be employed after attaining eligibility age; or
- (b) On attaining eligibility age having previously retired from employment.

### **Eligibility Age (55 Years of Age)**

The eligibility age is the age at which the member may withdraw their contributions for retirement purposes on ceasing to be actively employed after obtaining 55 years of age.

Relevant NASFUND Form for a Member Retiring at age 55 **FORM SF 21**

## Operating the NASFUND Retirement Savings Account (RSA)

Some Members may wish to remain in the superannuation environment on retirement and receive regular income or a series of lump sum payments going forward instead of one lump sum withdrawal payment. An RSA allows you, within certain limitations, to choose between regular and lump sum payments on retirement. Under an RSA,

## National Superannuation Fund

### Annual Report for the year ended 31 December 2007

the income earned on your superannuation remains tax free as long as you meet the conditions of the Superannuation Act. They are

- Less than K50,000 in your account - 50% withdrawal in any financial year
- Greater than K50,000 in your account – 30% withdrawal in a year

Opening an RSA on retirement is a simple process. Your money will remain with NASFUND and continue to be administered by AON Consulting. All you will need to do is complete an SF 21 form. If you are considering an RSA on retirement, we recommend that you seek advice and become fully conversant in how the product operates.

For information on an RSA please contact: Mr Ian Tarutia [iantarutia@nasfund.com.pg](mailto:iantarutia@nasfund.com.pg)

## Understanding Taxation of Superannuation Benefits

### *Tax on Investment Earnings at the Fund Level*

The tax on investment earnings of an Authorised Superannuation Fund is as follows:

- Income generated by the Fund is taxed at 25%
- Income from Government Securities with maturity greater than five years are tax free
- Dividend income is tax-free.
- There is no capital gains tax on investment appreciation.

### *Tax on the Member*

- Member or employee contributions are paid from after tax income. The employee contributions have already been taxed at the employee level and as such there is no taxation on withdrawal.
- Employer contributions to the member are paid by the employer before deduction of tax.

### *Taxable Components:*

There are three (3) components that make up your total contributions.

- Employee contribution; and
- Employer contribution; and
- Interest from the above contributions.

The employee contribution of 6.00% (previously 5.50% (2007)) and any voluntary contributions above this level is not subject to tax. The Member will receive the Employee component of contribution in full on withdrawal.

The employer contribution of 8.40% (previously 7.70% (2007)) and the interest component are the part of your contributions that will be taxed. As such these benefits are taxable on withdrawal by the member.

Tax is levied on your superannuation at the time that you withdraw. The tax system is designed to favour long-term contributors and substantial tax benefits are available for those who remain in the system long term. Different rules therefore apply depending on the years of service for employer and interest components of superannuation.

<b>Years of</b>	Less than 5	Greater than 5 years	Greater than 9 years	Greater than 15
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# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

<b>Membership</b>	years	and less than 9 years	and less than 15 years	years
<b>Rate of Tax</b>	Marginal Rate of Tax	The lesser of 15% or the marginal tax rate	The lesser of 8% or the marginal tax rate	2% tax on interest and employer contribution

A concessional rate of tax of 2% also applies to distributions where the payments relate to benefits accrued before 01 January, 1993.

### ***Taxation on Death & Disability***

All death benefits and payments on permanent disability are taxed at the concessional rate of 2% only.

***Please Note:*** This is a summarised version of the tax treatment for superannuation. We recommend that you consult your tax adviser if you require a detailed summary of tax and superannuation.

## Corporate Governance Disclosure Statement 31 December 2007

***Objective:*** “The first choice provider of superannuation and other financial services in PNG”

The Board is responsible for the corporate governance of the Fund. The NASFUND Board is committed to the highest standards of Corporate Governance and disclosure in Papua New Guinea. The Corporate Governance matrix consists of five distinct governance objectives

- ❖ Implementing the vision and values of NASFUND
- ❖ Identification of risk and managing risk within set parameters within the Strategic Plan
- ❖ Meeting financial targets
- ❖ Compliance with the Superannuation 2000 Act
- ❖ Employment and training of world class staff to meet performance goals

NASFUND believes that its continued strength as the leading institution in superannuation lies in its open platform of member communication and open disclosure of the operations of the business. This statement sets out the principal corporate governance practices and disclosures that were in operation throughout the twelve months to 31 December 2007.

### ***Board- Role of***

Under the NASFUND Constitution the management of the group is vested in the Board. The Board is charged with the following responsibilities

- ❖ Corporate governance
- ❖ Selection and supervision of the Chief Executive Officer
- ❖ Approving and monitoring strategies, policies and plans
- ❖ Monitoring compliance with relevant legislation and in particular the Superannuation 2000 Act
- ❖ Review of human resources, information technology and the resources of the business

### ***Board- Remuneration & Attendance***

The Board presently comprises ten Directors. Seven Directors are representatives of the shareholders of NASFUND. The remaining three Directors are independents selected by the Board. All Board meetings in 2007 were conducted in Port Moresby. The names of the members of the Board at the date of this report including the Audit and Remuneration Committee for the twelve months to 31 December 2007 are as follows.

Name of Director	Board Status	Gross Fee	Audit Fees	Expiry Date	Board Attendance	Audit Attendance
Mr John Jeffery - Chairman	Continued	38,762		31/05/2008	5	
Sir Ramon Thurecht	Continued	28,712		31/05/2008	5	
Mr William Lamur	Continued	28,712	8,668	31/05/2008	5	3
Mr Mike Manning	Continued	18,179	5,490	31/05/2008	5	2
Mr Reg McAlister	Continued	28,022		31/05/2008	4	
Mr Mel Togolo	Continued	26,933		31/05/2008	2	

# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

^ Dr John Nonggorr donates his Board fees to City Mission

The Board met formally on five occasions this year. It is the Board policy that prior to each meeting, all available information on matters to be discussed at the meeting is provided to each Director and Senior Officer at least 14 days in advance. Minutes of the meetings can be obtained through the website. [www.nasfund.com.pg](http://www.nasfund.com.pg).

### ***Audit and Remuneration Committee***

There is one committee of the Board known as the Audit and Remuneration Committee. The Committee met formally on three occasions in the twelve months to 31 December 2007. Three Board Members and an Independent comprise the Committee. The role of the Committee includes the review of the Fund's financial statements, strategic plan, risk management statements, internal audit reports, the review of the Company's accounting policies, policies and procedures, internal controls, tenders, salary and remuneration including terms of employment of senior management and related matters. The members of the Committee as at 31 December 2007 are as follows:

- ❖ Mr William Lamur
- ❖ Mr Mike Manning
- ❖ Mr Reg Monagi
- ❖ Mr Ernie Gangloff

Minutes of the Audit & Remuneration Committee meetings can be obtained through the website. [www.nasfund.com.pg](http://www.nasfund.com.pg).

### ***Access to Board Minutes***

The Board minutes can be accessed via the Internet or can be personally inspected at NASFUND's office in Boroko on written request and appointment. [www.nasfund.com.pg](http://www.nasfund.com.pg)

### ***Auditor Independence***

The external Auditor is prohibited from preparing accounting records, or asset and liability valuations of existing assets. The independent accountant that sits on the Audit and Remuneration Committee is prohibited from being an employee of the external audit firm.

### ***Board Resolutions.***

Board resolutions made through out the history of NASFUND can be accessed via the website [www.nasfund.com.pg](http://www.nasfund.com.pg)

### ***Changes to the NASFUND Constitution***

The NASFUND constitution was changed over 2007 to create an additional Board seat for a women's representative.

### ***Codes of Conduct & Ethical Standards***

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

The Board has adopted several codes relating to the conduct of Directors, Executives and Staff, including conflicts, of interest and confidentiality agreements. NASFUND recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics in conducting their business. All Directors and senior management have signed a code of conduct. Two members of management are graduates of the Australian Institute of Company Directors.

### *Communication to Members*

The Board formally communicates yearly with Members in two page newspaper spreads on the performance and activities of the Fund. The content of all reports and graphs are produced internally by NASFUND. The Management communicates via email to all Employers with news bulletins throughout the year. In 2007 we instigated the monthly NASFUND e-newsletter which reaches out via email to over 11,000 people. Currently an education program is being rolled out to all employers on the benefits and withdrawal procedures associated with superannuation. We aim to have direct meetings with a minimum of 200 employers annually.

### *Contingent Liabilities & Forward Commitments*

As at the 31 December 2007, there were no contingent liabilities. The fund has property settlements and development projects outstanding to the value of K63.6 million.

### *Crediting Rate Policy*

The Board resolved to credit 37.00% interest to Members in 2008 for the year ending 2007. The Crediting Rate is determined on a time-weighted basis on member balances through out the year. This is in accordance with international standards on return accreditation. The crediting rate distribution will occur in February 2008 for the 2007 year.

### *Defaulting Employers*

The level of defaulting employers remains low at 45. These figures exclude those employers currently before the courts for failure to meet their statutory obligations (Currently 11).

### *Derivative & Futures Exposure*

The Fund through its investment guidelines is not allowed to engage in derivative exposure.

### *Directors Interests*

A list of NASFUND Directors personal shareholdings and Board positions can be accessed via the internet and on page 53 of this report. [www.nasfund.com.pg](http://www.nasfund.com.pg)

### *Directors Liability Insurance*

Under the Superannuation Act it is compulsory for Directors to have Director Liability Insurance. The Directors Liability Insurance is with American Home Assurance Limited. The amount of insurance is capped at K5 million per Director. Since the inception of NASFUND there has been no claim against this policy nor do Directors believe there is any event likely to lead to a claim on this policy.

### *External Board Positions*

As at the 31 December 2007, the following external Board positions were held by NASFUND staff

Name	Classification	Company
Mr Ian Tarutia	Management	Amalpack Ltd ~
Mr Ian Tarutia^	Management	Ramu Sugar Ltd
Mr Ian Tarutia	Management	Associated Mills
Mr Erastus Kamburi	Management	Amalpack Ltd~
Mr Rod Mitchell	Management	Highlands Pacific Ltd~
Mr Rod Mitchell	Management	Credit Corporation (PNG) Ltd~

~ Board fees from external Boards have been paid directly to NASFUND.

^ Mr Tarutia is an independent on the Ramu Sugar and Associated Mills Board and as such is entitled to keep the fees from that position.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

### *Fund Entertainment, Donations & Overseas Travel Expenses*

Expense Item	Expense
Entertainment - Rod Mitchell	K3,403
Entertainment – Ian Tarutia MBE	K3,319
Board Meeting Expenses	K655
Donations	K54,463
Overseas & Board Travel	K7,585

### *Independent Professional Advice*

With the approval of the Chairman, a Director is entitled to seek independent professional legal and accounting advice at the Funds expense, concerning any aspect of that Directors' duties and or aspects of concern about the Fund's operation. It is a requirement that any such legal opinion obtained is distributed to fellow Directors. Directors sought no external legal advice in 2007.

### *Investments in the Portfolio Over 5% of the Net Asset Value of the Fund Excluding Government Securities and Treasury Notes*

Asset	Classification	% Net Asset Value
Bank South Pacific Limited	Equity	19.8%
New Britain Palm Oil Limited	Equity	8.6%
Credit Corporation Limited	Equity	7.7%

### *Investment Guidelines:*

Current Asset Allocation Guidelines	Minimum %	Maximum %	31-Dec-06	31-Dec-07
Equities (Domestic & International)	30%	60%	50%	59%
Government Securities & State Grants	10%	30%	20%	11%
IBD & Treasury Notes	5%	30%	9%	5%
International Fixed Interest	0%	10%	5%	4%
Loans	0%	10%	3%	7%
Property	10%	20%	13%	14%

### *Management Expense Ratios*

The Management Expense Ratio (MER), measures as a percentage, administration expenses against the net asset value of the Fund. This ratio is often seen as a measure of administration efficiency.

2003	2004	2005	2006	2007
2.10%	1.91%	1.56%	1.43%	1.30%

### *Material Contracts*

Contracts entered into by NASFUND with outside parties greater than K50, 000 p.a

Contract	Service	Expiry Date
BSP Capital	Investment Management	18 October, 2010
Aon Consulting	Administration	01 March, 2009
L J Hooker	Rental Collection - Tower	31 March, 2008
Ashton Brunswick	Management -Tower	30 April, 2008
Delstar Security Services	Security	13 February, 2008
Rod Mitchell	Employment Contract	30 June, 2011

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

### *Member Statements*

Member Statements inclusive of interest credited for the 2006 year were distributed in February -March 2007. Half yearly statements were distributed in September 2007. Yearly Member Statements for the twelve months to December 31, 2007 will be distributed to all Members through contributing employers after crediting of income in February 2008.

### *Motor Vehicle Policy*

NASFUND has a motor vehicle policy that allows for vehicles to be changed after 120,000kms or after five years, whichever ever comes last. Luxury four-wheel drives other than twin cab utilities are not allowed to be purchased by the organisation. There are currently three management vehicles. Management vehicles are accessible by staff during working hours for work related business. NASFUND currently has nine vehicles.

### *Reserves*

Reserves after creditation of 2007 income will stand at an estimated K79 million or 6% of the net asset value of the Fund.

### *Remuneration of Board and Staff*

The Board's remuneration is in line with the Central Bank guidelines on remuneration. The executive and staff remuneration are determined with reference to conditions as generally set in the banking and finance industry. Payment of bonuses to management and staff, if any, are determined on recommendation from the management to the Audit and Remuneration Committee.

### *Remuneration Paid to Full Time Staff*

Remuneration paid to fulltime staff includes superannuation, medical, and housing allowances where applicable.

<b>Salary Range</b>	<b>No: Employee s</b>
<10,000	1
10,000 to <15,000	27
15,000 to < 20,000	20
20,000 to < 30,000	10
30,000 to < 40,000	6
40,000 to < 50,000	10
50,000 to < 100,000	5
100000 to <150,000	3
250, 000 to < 300,000	1
450,000 to <500,000	1
\$ AUD 268, 800 (total package)	1
Total Staff	85

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

Artist: Ruki Fame

The terms and conditions of employment of the joint Chief Executive Officer(s) and Company Secretary can be sighted at NASFUND Head Office. All Management Staff have a maximum three-month payment termination provision in lieu of notice, if the Board instigates termination.

### **Risk Management**

The Board, through the Strategic Plan, identifies possible risks to the Fund in meeting its core objectives. The identification of risks flows through to risk minimisation strategies including policies on reserving. The Fund, through its risk management statement, attempts to reduce volatility in the Fund and improve resilience to external future events that may impact negatively on Members Funds. The Board monitors the identified risks to NASFUND and in particular recognises that adherence to the investment guidelines of the Fund is paramount in controlling the level of risk to Members. The Risk Management Statement was reviewed in September 2007.

### **Staff Levels**

Staff	Dec-03	Dec-04	Dec-05	Dec-06	Dec -07
Full time	47	57	70	72	84
Full time (Expatriate)	1	1	1	1	1
Contract	2	1	0	0	0
Casual	2	0	0	2	0
<b>Total</b>	<b>52</b>	<b>59</b>	<b>71</b>	<b>75</b>	<b>85</b>

### **Staff Employment Policy**

*Discrimination:* The National Superannuation Fund is an equal opportunity employer and does not discriminate on the basis of sex, race, colour or sexual orientation. A comprehensive staff employment policies and procedures manual has been compiled and reviewed by the Audit and Remuneration Committee annually.

*Education:* Staff will be given every opportunity to access higher learning and educational advancement through professional training at NASFUND's expense. It is mandatory that all staff are proficient in Word and Excel programs.

*HIV:* The incidence of HIV/AIDS's in the community is increasing at an alarming rate. While the Board and management are unaware of any staff member with HIV, discrimination against any staff member with the disease will not be tolerated. A comprehensive policy has been adopted at NASFUND that pro actively considers the care, treatment and positive support for any staff member and immediate family who contracts HIV & AIDS. NASFUND through its out reach program plays an integral role in the PNG Business Coalition on HIV & AIDS.

### **Significant Events**

The Board and Management are unaware of any significant event in the reporting period or future event that will impact on the accounts in a material manner.

### **Tender Outcomes**

All tender outcomes and comparative prices of tenders can be viewed on our website at [www.nasfund.com.pg](http://www.nasfund.com.pg)

### **Triple Bottom Line Reporting - Working with the Community**

As part of our on going social awareness program, NASFUND developed a number of education programs for members and the general public over 2007. This included community outreach morning radio with FM100, partnership with the World Bank and AUSAID in the increasingly popular Information Centre with free internet services at Deloitte Tower, Empowerment of Women and taking a stance on domestic violence, Tuberculosis and HIV awareness and direct HIV education to Motuan villages. In line with this philosophy, the Board has developed a donations policy. The following donations were given over the year.

Institute of National Affairs	605	Transparency International (Inc)	2,000
National Newspaper Empowering Women	12,000	Cheshire Homes	1,562
Susu Mamas	5,000	India Association	2,000
Leadership PNG	15,000	Sogeri High School Award	1,750
YMCA fund raiser	1,000	World Body Building Championship	500

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

Waki Youth fund raiser	1,000	PriceWaterhouse Fun Run	2,400
National Volunteers fund raiser	1,000	Mount Sion Centre	750
HIV T-Shirts	396	Heart Operation	2,000
Friends Foundation	500	Oro Disaster	5,000

### *Trust Deed and NASFUND Limited Constitution*

Both the deed and constitution of NASFUND can be accessed via the Internet at [www.nasfund.com.pg](http://www.nasfund.com.pg).

### *Valuation Methodology*

Listed Equities:	The price is generally the last sale price at close of business of the exchange unless there is a higher bid or lower offer on that day subsequent to the last sale in which case the price of the higher bid or lower offer will prevail. Issues of liquidity and volume are also considered in application of this principle. Substantial negative movements post balance date may also be considered in determining fair value where appropriate.
Unlisted Equities:	Unlisted Equities are valued on an earnings method of between 5 and 10 times current earnings or at fair value.
Property:	By registered valuer associated with a real estate company
Government Securities:	At purchase price/face value
Exchange Rate:	The mid price between the buy and sell rate – (Aud/Kina 0.4111 mid price Bank South Pacific Limited)
State Grants:	State Grants are valued to market in accordance with IAS 20.
Cash:	Cash & treasury notes with a maturity less than 180 days

### *Whistleblower Policy*

NASFUND has a zero tolerance policy towards corruption. The whistleblower policy is designed to protect staff, members and interested individuals who in good faith report conduct which they reasonably believe to be corrupt, illegal or unethical. Such reporting will be treated on a confidential basis without fear of reprisal, dismissal or discriminatory treatment. If you have reason to believe there has been conduct committed by NASFUND, its directors, management or staff that could be deemed corrupt, illegal or unethical we ask you to report the matter to the independent Member of the Audit & Remuneration Committee, Mr Ernie Gangloff, Deloitte Touche Tohmatsu, phone no 308 7067, email: [Egangloff@deloitte.com.pg](mailto:Egangloff@deloitte.com.pg)

## Art as Social Commentary

### **World AIDS Day**

**“Wear Red” campaign**

**Friday 30 November 2007**

### **Eliminating Family Violence**

**“Wear Black” campaign**

**Tuesday 9 October 2007**

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

- Gickmai Kundun

Man na meri mi laikim you (ink on paper)

Sampela toia ikam pastaim (ink on paper)

*“I love you” – Gickmai Kundun*

*“Give some Toea first” – Gickmai Kundun*

**Acknowledgement:** THE GALLERY- Papua New Guinea’s leading Art Haus P (675) 325 0111 F(675) 325 0888

[www.thegallerypng.com](http://www.thegallerypng.com)

*Airways Hotel water garden by Gickmai Kundun*

### RISK MANAGEMENT – A Disciplined, Sound and Practical Approach.

*“Plan for what is difficult while it is easy. By deep knowledge of principle, one can change disturbance into order, change danger into safety, change destruction into survival, change calamity into fortune” – SunTzu – The Art of War*



**Culture:** A culture built on excellence determines the level and quality of risk management at NASFUND. Successful organisations anticipate problems, are pro active, prepared and ensure that a risk management regime

## National Superannuation Fund

### Annual Report for the year ended 31 December 2007

is in place at all times. The NASFUND Board takes ownership of the assessment and management of risk and we consciously assess risk on a daily basis. Risk management is a continuous process of reassessment. Risk Management is documented annually both in the organisations Policies and Procedures Manual and the annual strategic planning process cumulating in the rolling five-year plan.

**Objectives:** The basis of our risk management policy is to manage the future and protect member's wealth by

- Minimising volatility and surprise
- Balancing risk with reward and adherence to diversification
- Achieving competitive advantage through understanding the operational and investment risks faced by the Fund

**Parameters:** NASFUND has developed a risk management strategy that

- Identifies the key risks to the organization
- Creates policies and procedures to manage risk within the organization
- Allocates ownership of risk
- Utilises the Audit & Remuneration Committee and ultimately the Board for on going management of risk
- Utilises outsourced agencies (Investment Management & Back Office provision) as an aid to risk management
- Seeks, through the legal Counsel compliance of all statutory obligations including adherence to the Superannuation 2000 Act.
- Seeks compliance through designated Officers

## NASFUND: - Our Shareholders and Board

**The seven shareholders of NASFUND:** The NASFUND Board comprises seven shareholder directors and three independents nominated by the shareholders.

						<b>Rural Industries Council</b>
Employers Federation of PNG	Manufacturers Council of PNG	PNG Chamber of Mines & Petroleum	PNG Chamber of Commerce & Industry	PNG Banking & Financial Workers Union	PNG Trade Union Congress	Rural Industries Council
1st Floor, NCSL Haus (PO Box 6057, Boroko) Sir Hubert Murray, 4 mile Port Moresby	Varahe Street, Gordons PO Box 1621 NCD Port Moresby	1st Floor, The Lodge, PO Box 1032 Brampton Street Port Moresby	S13, Lot 26 Granville P.O Box 1621 Port Moresby	PO Box 991 Boroko, Port Moresby	S84 Lot 12, Chinsurah st, Korobosea PO Box 4279 Boroko	5 <sup>th</sup> Floor, Mogoru Moto Building PO Box 1530, Port Moresby

**Share Capital:** Each of the seven shareholders under the NASFUND constitution holds one share to the value of K1.00 in NASFUND Limited. Shareholders are prohibited from taking a dividend and all profits must be returned to the Members of NASFUND. Sale of the seven NASFUND Limited shares are restricted by its constitution.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

**Board Member Selection:** The seven shareholders of NASFUND have the right to choose one director from their organisation or from the community to represent them on the NASFUND Board.

**Independent Board Member Selection:** The seven shareholder Directors have the right to select three independents from the community. One independent is selected from a professional body, another a women's representative and the other independent is a workers representative chosen from the NASFUND Membership. While these three independents do not represent the shareholders they have equal voting rights with the seven shareholder Directors.

**Chief Executive Officer Selection:** The ten Directors of NASFUND have the sole right to select and appoint the Chief Executive Officer(s) (joint or sole), and Company Secretary.

**Audit & Remuneration Committee Membership:** The Audit and Remuneration Committee has four members of which one is an ex officio member from a major accounting firm. The Audit & Remuneration Committee aims to meet at least twice a year.

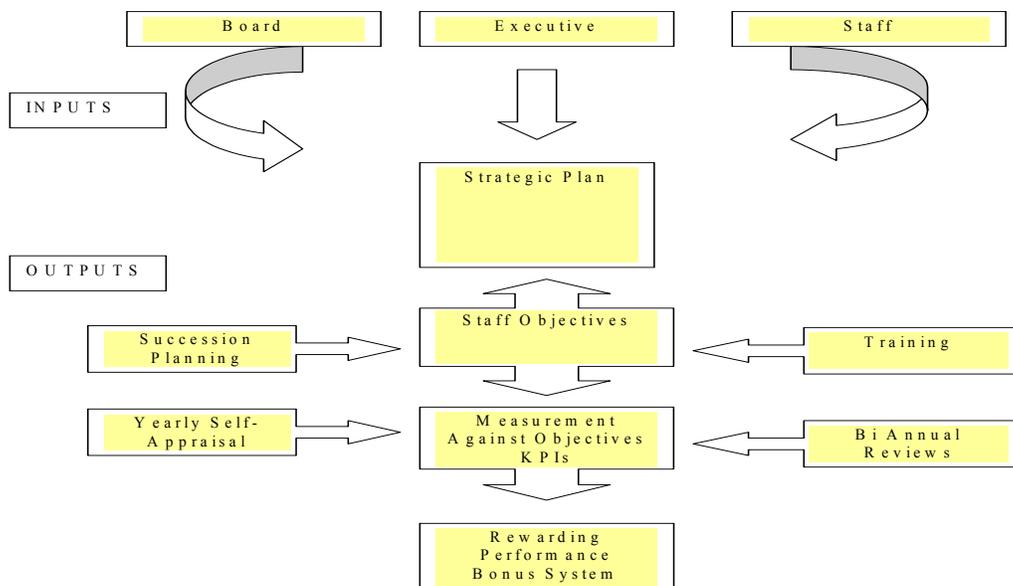
**Managing Conflicts of Interest:** A Director or Officer shall not vote in respect of a contract or transaction in which he has a direct personal material interest.

**Directors Interests:** A list of NASFUND Directors personal shareholdings and Board positions can be accessed via the Internet and on page 53 of this report. [www.nasfund.com.pg](http://www.nasfund.com.pg)

The NASFUND constitution and deed can be accessed on the website [www.nasfund.com.pg](http://www.nasfund.com.pg)

## NASFUND: - Our People

The old saying that "people are our most important asset" is a truism of modern business. The NASFUND success story is all about people. Their individual and collective efforts are the driving force behind meeting our strategic plans and goals.



# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

***Building the corporate road map:*** The NASFUND strategic plan is formed through traditional SWOT analysis. From the identification of Strengths, Weaknesses, Opportunities and Threats, objectives are created and from those objectives action plans are determined. The Board ratifies the five year plan and in doing so becomes the “road map” for management and staff to follow in terms of meeting the objectives of the organisation.

***Beating to one drum:*** From action plans, management works with each staff member in preparing individual staff objectives and performance criteria to meet the strategic objectives as set by the Board. Thus there is a total flow through from Board, management to staff in ensuring that all in the organisation are similarly focused. The Strategic Plan therefore becomes an important governance and benchmarking tool in measuring the progress of the organisation and building well trained and qualified staff.

***The Level Playing Field:*** Work places tend to classify people into boxes such as white, black, expatriate, Papua New Guinean, highlander, coastal, male, female, old, young, married or single, which inevitably are used as career barriers, intentionally or unintentionally within organisations to hinder individual aspirations and career growth. NASFUND believes in a level playing field at the work place where these arbitrary classifications play no importance in the career development of our staff. Equal opportunity, mutual respect and diversity are a key to our success.

***Empowerment:*** NASFUND believes in staff empowerment. Workers who have a sense of ownership over their particular area of responsibility are generally more motivated and receive greater satisfaction. Workers who have no decision making power often become disenfranchised from the organisation and from lack of empowerment the path of absenteeism, lethargy and sub optimal work performance becomes a quick reality. Empowerment of our staff goes part and parcel with our on going success.

***Rewarding Performance:*** NASFUND recognises that people do not work in a vacuum. A bonus structure that creates an incentive for staff in meeting properly articulated objectives is an important part of staff motivation. NASFUND rewards hard work, it rewards team players, and it rewards the meeting of objectives that drive the organisation forward.

### **NASFUND: - Working with Community**

Over the last eight years NASFUND has led in a number of key areas that have profoundly shaped the community and in some respects the Nation. Nothing has given us more pleasure however in our interaction with the community. The famous quote by John Donne that “No man is an island entire of himself” could easily be inferred of companies as well. Successful companies do not operate in a vacuum and as we become a much smaller world with globalization, the range of stakeholders and community responsibilities continue to increase. Over the last few years, NASFUND has led the way in corporate responsibility, balancing member needs with the needs of the wider community in which we operate and in doing so we pave a path of wealth creation combined with social justice.

Over the last year our efforts intensified. While the establishment of the Business Coalition on HIV & AIDS (BAHA) was a key NASFUND driven initiative we have developed the view that HIV & AIDS can not be dealt with in isolation. Hence while BAHA is in the driver seat of implementation of best practice workplace policies on HIV & AIDS in a consistent manner for private sector companies, NASFUND is tackling HIV and AIDS from a holistic approach. What does that mean? It means that if we are to seriously deal with HIV & AIDS we must create behavioural change and that means changing attitudes of men towards women and protection of children.

# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

*Business Coalition on HIV % AIDS*

*Domestic Violence Commercial*

*Empowering women poster*

It is unacceptable that recent statistics suggest that a majority of women in our society have been the victims of serious violence.- and most of those women have been the victim of serious violence have faced it in their own homes.

*TB Poster*

*Voluntary Counseling and Testing Commercial*

*TB Awareness Commercial*

Similarly it is clear that many of us do not understand the significance of Tuberculosis (TB) in an HIV epidemic. TB education has to be considered in all HIV workplace activities. TB is deadly but curable and what makes this disease frustrating is that many people infected with HIV will unnecessarily die from TB. The important point is that TB is curable even after people have developed AIDS. Prescribed medicines must be taken under direct observation of a health worker or volunteer. This is called Directly Observed Treatment (DOTS) and workplaces can participate in the National TB program by adoption of the DOTS strategy.

*NASFUND at the Third Ministerial Meeting on HIV and AIDS, Sydney Australia July 2007.*

At a conference attended by Health Ministers, Departmental Heads, and International Agencies from the Asia Pacific Region, NASFUND was selected as one of four companies in the Asia Pacific region to show case their work on HIV & AIDS in their local communities.

*Artist: Ruki Fame*

Another area that NASFUND strongly participates in, is in the sponsored NASFUND breakfast show on Kalang FM 100 which has a reach right through out Papua New Guinea.

The aim of the on going sponsorship is to carry the message of awareness and education on major national issues such as HIV AIDS, Women's Rights, Good Governance, Development in general and their impact economically and socially on our communities. We have always been conscious that there is too much of a Port Moresby focus

## **National Superannuation Fund**

### **Annual Report for the year ended 31 December 2007**

on major issues and rural and other communities are often left without a voice in the process. Hopefully the NASFUND talkback radio show goes in part to bridge this divide.

By the end of 2007, FM100 Talkback was the most successful radio program and covered almost two thirds of the 89 districts of Papua New Guinea. It is also estimated that during the Elections Awareness Talkback program over 6 weeks of 2007 General Elections the show was averaging 80 calls per day Monday to Fridays for the duration week one in July through to week two of August, 2007. Over 2,500 incoming calls were monitored on talkback last year. In terms of Live Audiences at provincial shows, the highest record was in Mt Hagen during the HIV & AIDS awareness program, which saw a partnership support of UNFPA with 2,320 students participating in a two days forum.

An estimated 10,000 people (aged 15yrs & 55yrs+) participated as audiences during Live to air shows in East Sepik, Sandaun, Manus, New Ireland, East New Britain, ABG, Eastern Highlands, Western Highlands, Simbu, Enga, Morobe, Central, Milne Bay, Western, Gulf and NCD.

We are very proud that the Nasfund FM100 Talkback has also been a major partner in promoting key government initiatives such as the District Treasury Rollout program, the District Services Improvement Program, HIV AIDS with development Partners UNAIDS and UNFPA and Reproductive Health through Rait PNG, Good Governance and Leadership with the British High Commission and off course the recently launched Business Coalition Against HIV & AIDS.

2007 has been a rewarding year for the radio/private sector partnership with mutual and community benefit.

### **Building Governance on Our Boards – The Trainee Directors Programme**

The private sector has had long standing concerns about the lack of quality directors in Papua New Guinea with appropriate experience for Boards. Recognising this, NASFUND instigated the NASFUND Trainee Directors Programme aimed at young Papua New Guineans aspiring to be directors in future years. The programme is as follows

The Boards of the following nominating bodies

- The Business Council of PNG
- The Port Moresby Chamber of Commerce and
- Rotary

select a trainee director for the NASFUND Board. Each chosen trainee director will be allocated a current NASFUND Director as mentor for a period of two years.

Trainee directors, have the right to participate in Board and Audit Committee meetings but are not able to vote on any Board resolution. In the two year period they are able to observe first hand, processes, procedures and learn the mechanics of being a director at the coalface. At the end of the two-year period, a certificate is issued certifying that the trainee director had served as a trainee on the NASFUND Board. During the two-year training program, NASFUND funds external corporate governance and director training programs by recognised professionals to enhance their marketability for Board positions after completion of the program. Eligibility criteria include the following

- Be between the ages of 25 and 35

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

- Must be a member of NASFUND
- Never sat on any Board previously
- Must have a track record in your current position, recognised by your employer.
- Have written endorsement from your employer to attend up to six meetings a year and an external training course funded by NASFUND.
- Must sign a confidentiality agreement
- Must have no criminal record and be able to pass a “fit & proper test”

PO Box 479 Port Moresby NCD  
Level 1, Aon Haus  
McGregor Street Port Moresby NCD  
Telephone (675) 320 2547  
Facsimile (675) 320 2562

### Current Trainees

#### Michael Kalep

Michael Kalep has had 10 years private sector experience having previously started with SP Brewery as a cadet/management trainee, then Nestle, and Ramu Sugar Ltd. He is currently the Category Manager in the Marketing Department at Goodman Fielder International (PNG) Ltd. Michael holds a Bachelor of Economics Degree (in Business) from the University of Papua New Guinea.

#### Arthur Sam

Arthur Sam has over 10 years experience in the accounting profession starting with Ernst & Young Chartered Accountants and then Orogen Minerals Limited before joining Deloitte where he is currently an Audit Manager in the Port Moresby office. Arthur is an Associate member of CPA PNG and holds a Bachelor of Commerce Degree (in Accounting) from the University of Papua New Guinea.

Management at the School of Business Administration of the University of Papua New Guinea. Prior to his appointment at UPNG he was the Founding Principal of Professional Staff Training Centre (PSTC) Dr. Laufa, whilst undertaking his doctoral studies also served as a Teaching Assistant (TA) at GSID of Nagoya University in Japan He holds a Ph.D. and MA in Development Studies from that university.

#### Terence Laufa

Terence Laufa, is currently Strand Head & Lecturer in Strategic



Chairman and Directors  
National Superannuation Fund  
P.O Box 5791  
Boroko. NCD  
PAPUA NEW GUINEA

Dear Chairman and Directors,

### Administration Report – Aon Consulting (PNG) Limited

At Aon, we welcome the opportunity to present to the NASFUND Board, the Administration Report for 2007.

To say the year was busy from an Administration perspective would be an understatement. Growth in Active Membership in 2007 exceeded 14%. In excess of 2,000 new member application forms are processed each month.

# National Superannuation Fund

## Annual Report for the year ended 31 December 2007

Electronic contributions now represent almost 80% of the Active Membership. Both Aon and NASFUND have worked tirelessly to help employers convert from manual contributions, resulting in quick turnaround times for Housing Advances and withdrawals, improved accuracy levels and for those employers accessing Ebenefits through the internet, up to date information is available.

### Highlights for 2007:

- Membership Growth**

End of Dec 2006	Active Membership	86,275
End of Dec 2007	Active Membership	98,401
- E- Contributions      Employers**

End of Dec 2006	392	65,126 members
End of Dec 2007	417	77,527 members
- May 2007 changes to Housing Loans Eligibility to 100% of members contributions only. This was due to changes in the Superannuation Legislation and not due to a change in the NASFUND rules
- 2007 saw many new employers requesting access to Ebenefits, a free service available to the employers by accessing member records through the internet.

Staff Commitment, dedication and loyalty are words best to describe the employees of Aon and NASFUND teams and it is with a great deal of pride I present to you the 2007 Administration Report. Together, we do make a difference.

Chris Hagan  
CEO  
Aon Consulting (PNG) Limited



## BSP Capital Limited

A wholly owned subsidiary of Bank of South Pacific Limited  
Member of Port Moresby Stock Exchange Limited

Level 2, AON Haus  
MacGregor Street  
PO Box 2017, Port Moresby  
National Capital District 121  
Papua New Guinea  
Tel: (675) 321 4333 Fax: (675) 321 4577  
Email: broker.bspcapital@bsp.com.pg

## 2007 - Year in Review

### 23 January 2008

Chairman and Directors  
National Superannuation Fund  
PO Box 5791  
Boroko  
NCD

# **National Superannuation Fund**

## **Annual Report for the year ended 31 December 2007**

Dear Chairman and Directors,

For global equity markets, 2007 was another year with a commodity focus. Energy and metal prices continued in their advance. The direction was in line with most forecasts, but the price gains exceeded many expectations.

Late in the year, Crude Oil pushed toward \$100 and Gold made a convincing break away from the \$800 mark. The two gained approximately 64 per cent and 34 per cent respectively on the year.

While many global stock markets finished the year with impressive gains, the US sub-prime mortgage crisis and related mortgage defaults pulled many markets away from all time highs and generated a high degree of uncertainty and market volatility.

This issue is not just about a few mortgages in the US. It has already affected exchange rates, safe haven assets such as gold, availability of credit, managed fund performance (those with related securitised debt) and global stocks markets generally.

Heading into 2008, risk relating to the US sub-prime market remains. For the investor it means a greater focus on market sectors, rather than the market overall. The true effects of the sub-prime crisis will not be known for several months. There is the risk that mortgage defaults will continue and property markets will contract. The concept of a global recession is a possibility. However what is likely is a 'rationalisation' or consolidation of markets.

PNG remains relatively insulated from negative effects of the sub-prime crisis and excluding a significant global slowdown, our market will probably remain relatively insulated.

The local market had a few shining stars. One highlight for the year was the listing of New Britain Palm Oil Limited on the London Stock Exchange in the latter part of the year, which more than doubled the price on POMS0X, where the shares ended up at Kina 20.00 each. Credit Corporation limited had a one for six share split and subsequently performed well. BSP shares climbed gradually during the year with a closing price of over Kina 7.00 at the end of the year.

Property markets have once again benefited from low interest rates and values once again rose as investors seeing a shift to lower inflation and lower income yields switched to property assets. Commercial property is also showing stronger rental yields brought on by increased demand for space and a tightening of quality commercial accommodation.

Business is doing well under the current economic environment and we are seeing continued strong growth in the Banking, IT, Brewing, Mining and Agricultural areas of which the Fund is well positioned to take advantage of going forward.

As the new CEO of BSP Capital, I see 2008 as the year an expanding product range and growth in funds under management. BSP Capital looks forward to continuing to work with the Management and the Board of NASFUND in 2008 and beyond.

***TOGETHER WE WILL CONTINUE TO BE A SUCCESS FOR PNG***

***Managing Director  
BSP Capital Limited***

Guy Bower

# National Superannuation Fund

## Financial Statements for the year ended 31 December 2007



### Scope

We have audited the accompanying financial statements of the National Superannuation Fund ("Fund") for the year ended 31 December 2007, consisting of the operating statement, statement of net assets, statement of changes in members funds, cash flow statement and notes as set out on pages 38 to 51, as submitted by the Trustees.

The audit report issued will be solely to members of the Fund. Our audit work will be undertaken so that we might state to the members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and its members as a body, for our audit work, for the audit report, or for the opinion we will form.

### Trustees and Management's Responsibility for the Financial Statements

The Trustees and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Audit opinion

We have obtained all the information and explanations we required for the purposes of our audit.

In our opinion:

- (a) the financial statements of the Fund
  - (i) comply with generally accepted accounting practice; and
  - (ii) give a true and fair view of the financial position of the Fund as at 31 December 2007 and the results of its operations and cashflows for the year ended on that date; and
- (b) proper accounting records have been kept by the Fund as far as appears from our examination of those records.

DATED at Port Moresby this 14<sup>th</sup> day of February 2008



Chartered Accountants

Richard L. Kuna

Partner

Registered under the Accountants Act 1996

# **National Superannuation Fund**

## **Financial Statements for the year ended 31 December 2007**

**14 February 2008**

### **DECLARATION BY TRUSTEES**

In our opinion the Funds' accounts set out on pages 38 to 51 are drawn up so as to give a true and fair view of the state of affairs as at 31 December 2007, and the surplus before distribution for the year ended on that date, of the National Superannuation Fund so far as they concern members of the National Superannuation Fund. Further all Risk Management systems are in place and operating effectively.

The financial statements have been drawn up in accordance with the requirements of the Superannuation (General Provisions) Act 2000 and the requirements of the Trust Deed of the National Superannuation Fund dated 31 May 2002.

DATED at Port Moresby this 14<sup>th</sup> day of February 2008

For and on behalf of the Board of Directors of the Trustee

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**Mr John Jeffery**  
*Chairman*

---

**William Lamur**  
*Audit & Remuneration Committee*

### **DECLARATION BY MANAGEMENT**

In our opinion the Funds' accounts set out on pages 38 to 51 are drawn up so as to give a true and fair view of the state of affairs as at 31 December 2007, and the surplus before distribution for the year ended on that date, of the National Superannuation Fund so far as they concern members of the National Superannuation Fund. Further all Risk Management systems are in place and operating effectively.

The financial statements have been drawn up in accordance with the requirements of the Superannuation (General Provisions) Act 2000 and the requirements of the Trust Deed of the National Superannuation Fund dated 31 May 2002.

DATED at Port Moresby this 14<sup>th</sup> day of February, 2008

For and on behalf of the NASFUND Management

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**Mr Rod Mitchell**  
*Chief Executive Officer*

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**Ian Tarutia MBE**  
*Chief Executive Officer*

# National Superannuation Fund

## Financial Statements for the year ended 31 December 2007

### Operating Statement

	Note	2007 K000	2006 K000
<b>Net investment surplus</b>			
Interest Income		21,941	19,529
Dividend Income		16,325	15,706
Net Property Rentals		10,688	8,749
Movement in net market value of investments	2(a)	291,017	40,818
Direct investment costs		<u>(1,033)</u>	<u>(693)</u>
Net investment surplus		<u>338,938</u>	<u>84,109</u>
<b>Other income</b>			
Sundry Income		1,213	1,749
Movement in net market value of other assets	2(b)	<u>21</u>	<u>5</u>
		<u>1,234</u>	<u>1,754</u>
<b>Expenditure</b>			
Staff related expenses		(4,127)	(3,554)
Trustees Fees / Board expenses		(321)	(255)
Investment Managers fee		(1,161)	(790)
Fund Administration fee		(2,628)	(2,360)
Bank of PNG regulatory fees		(676)	(422)
Donations		(55)	(37)
Advertising		(418)	(358)
Depreciation		(403)	(390)
Other Administration expenses		<u>(3,751)</u>	<u>(3,230)</u>
		<u>(13,540)</u>	<u>(11,396)</u>
<b>Net operating surplus before income tax</b>		326,632	74,467
Income tax expense	4(a)	(5,527)	(4,976)
<b>Net operating surplus after income tax</b>		<u>321,105</u>	<u>69,491</u>

The operating statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 42 to 51.

# National Superannuation Fund

## Financial Statements for the year ended 31 December 2007

### Statement of changes in the Members Fund

	Allocated 2007 K000	Unallocated 2007 K000	Total 2007 K000	Total 2006 K000
<b>1 January</b>	726,844	124,464	851,308	748,424
Contributions received	139,849	(5,460)	134,389	114,852
Transfers from other funds	-	-	-	3,135
Withdrawals	(73,100)	-	(73,100)	(84,784)
Operating Surplus for Creditation	-	321,105	321,105	69,491
Interest allocated to Members Accounts	66,671	(66,671)	-	-
Interim interest paid on withdrawals	-	(381)	(381)	-
Other adjustments	-	154	154	315
Transfer to NCSL Savings and Loans	(174)	-	(174)	(125)
<b>31 December</b>	<b>860,090</b>	<b>373,211</b>	<b>1,233,301</b>	<b>851,308</b>

Allocated funds represent NASFUND's obligation to pay benefits to Members and beneficiaries arising as at 31 December 2007.

Unallocated funds includes contributions of K5,039,298 (2006: K5,304,311) that have not yet been allocated to individual members accounts

Operating Surplus includes estimated Reserves of K79 million after 2007 distribution of income

Withdrawal summary is as follows:

<b>Full Withdrawals</b>		
<b>Benefit Type</b>	<b>No. Transactions</b>	<b>Total Paid</b>
Deceased	444	3,170,538
Disability	178	2,117,436
Emmigration	6	98,919
Retirement	314	4,146,198
Transfers	1,054	492,923
Unemployment	12,098	39,817,333

<b>Partial Withdrawawls</b>	<b>No. Transactions</b>	<b>Total Paid</b>
Housing	2,225	12,538,038
UE- Hardship	5	28,991
UE-Unemployment	18,081	10,689,564

<b>Total Withdrawals</b>	<b>34,405</b>	<b>73,099,939</b>
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The statement of changes to the member's funds is to be read in conjunction with notes to and forming part of the financial statements set out on pages 42 to 51.

# National Superannuation Fund

## Financial Statements for the year ended 31 December 2007

### Statement of net assets

	Note	2007 K000	2006 K000
<b>Investments</b>			
Government securities and other loans	5	186,938	158,974
Interest bearing deposits & treasury notes	17	68,622	78,852
Domestic and International Equity & Fixed Interest investments	7&8	776,099	465,472
Investment properties	9a	127,422	107,984
Work in progress	9b	40,780	-
		<u>1,199,861</u>	<u>811,282</u>
<b>Other assets</b>			
Cash on hand and at bank	17	1,059	2,405
Interest receivable		3,089	1,360
Interest withholding tax		4,740	2,683
Property, plant and equipment	10	5,706	5,187
Sundry debtors and prepayments	11	1,417	3,858
State Grant	6	34,000	37,000
		<u>50,011</u>	<u>52,493</u>
<b>Total assets</b>		<u>1,249,872</u>	<u>863,775</u>
<b>Current Liabilities</b>			
Bank overdraft	17	637	437
Sundry creditors and accruals	12	2,391	4,238
Provisions for employee entitlements	13	468	244
Tax payable	4(b)	5,273	1381
<b>Total current liabilities</b>		<u>8,769</u>	<u>6,300</u>
Net deferred tax liabilities	4(c)	7,802	6,167
<b>Total liabilities</b>		<u>16,571</u>	<u>12,467</u>
<b>Net assets</b>		<u>1,233,301</u>	<u>851,308</u>
<b>Represented by</b>			
Members' accounts		860,090	726,844
Unallocated funds		373,211	124,464
<b>Total Members Funds</b>		<u>1,233,301</u>	<u>851,308</u>

For and on behalf of the Board of Directors of the Trustee

.....  
Mr John Jeffery  
Chairman  
Date: 14 February, 2008

.....  
Mr William Lamur  
Chairman Audit & Remuneration Committee  
Date: 14 February, 2008

The statement of net assets is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 42 to 51.

# National Superannuation Fund

## Financial Statements for the year ended 31 December 2007

### Cash flow statement

	Note	2007 K000	2006 K000
<b>OPERATING ACTIVITIES</b>			
Interest received		18,910	21,241
Rent received		10,688	6,307
Dividends received		17,446	14,543
Other fees received		1,213	2,064
Payments		(13,432)	(9,713)
Withholding taxes paid		(2,057)	(2,683)
<b>Cash flows from operating activities</b>		<b>32,768</b>	<b>31,759</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(962)	(422)
Proceeds from sale of property plant and equipment		60	55
Proceeds from sale of government securities and other loans		36,444	-
Proceeds from sale of investment property		15,200	2,250
Proceeds from sale of equity investments		37,162	31,164
Investments in equity investments		(78,949)	(53,095)
Investments in government securities and other loans		(64,164)	4,132
Investments in investment properties		(53,242)	(12,885)
<b>Cash flows used by investing activities</b>		<b>(108,451)</b>	<b>(28,801)</b>
<b>FINANCING ACTIVITIES</b>			
Receipt of Government grant		3,000	4,000
Transfers from other funds		-	6,673
Transfers to other funds		-	(3,538)
Transfer to Nasfund Savings and Loans Society		(174)	(125)
Contributions Received		134,389	114,852
Withdrawals paid		(73,308)	(84,784)
<b>Cash flows from financing activities</b>		<b>63,907</b>	<b>37,078</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(11,776)</b>	<b>40,036</b>
Cash and cash equivalents at beginning of the year		80,820	40,784
<b>Cash and cash equivalents at end of the year</b>	17	<b>69,044</b>	<b>80,820</b>

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 42 to 51.

## **1. SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Statement of compliance**

The financial statements of National Superannuation Fund ('the fund') have been prepared in accordance with International Financial Reporting Standards. The financial statements of the Fund were approved for release by the Trustees at their meeting on 14<sup>th</sup> February 2008.

### **(b) Basis of preparation**

The financial statements have been prepared primarily on the historical cost basis, except for investments, which have been stated at fair value.

No distinction has been made between the non-current and current nature of assets in the Statement of Net Assets.

The accounting policies have been consistently applied by the Fund and they are consistent with those of the previous year.

The Fund's financial statements have been prepared on a going concern basis.

All figures are rounded to the nearest thousand Kina.

### **(c) Members accounts**

Contributions are accounted for, and members' accounts credited with their contributions and employers contributions, on a cash basis based on the receipt of reconciled contribution schedules.

Accounting for interest credited to members' accounts is in accordance with Section 8 of the National Superannuation Fund trust deed and is as follows;

1. Interest credited to members is on the basis of the period to which the contributions relate;
2. The rate of interest is determined by the Board of Directors of the Trustees every year and is calculated on the daily balance of the members' accounts.

### **(d) Foreign currency**

The reporting currency adopted in the preparation of the financial statements is the Papua New Guinea currency, the Kina. Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the relevant exchange rate at the balance sheet date. Resulting exchange differences are recognised in the operating statement for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at the date of the transaction.

### **(e) Investment assets**

In accordance with International Financial Reporting Standards investment assets including investment properties and equity investments are included in the Statement of Net Assets at net market value as at the balance date and movements in the net market value of investment assets are recognised in the Operating Statement in the periods in which they occur.

### **(f) Property, plant and equipment**

Items of property, plant and equipment other than investment properties are stated at original cost or at valuation less accumulated depreciation and impairment losses. Construction cost for self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of construction overheads.

Depreciation is provided on cost or revalued amount of all fixed assets, including buildings but excluding investment properties so as to write off the assets progressively over their estimated useful lives. Fixed assets are first depreciated in the year of acquisition, or, in the case of construction, in the year of substantial completion of the asset.

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

The straight line method of depreciation is used and the rates of depreciation are:

Buildings and construction	2 – 3 %
Office equipment	10 %
Furniture & fittings	7.5 %
Motor vehicles	20 %
Computer equipment	25 %

**(g) Receivables**

Receivables are stated net of provisions.

**(h) Interest bearing loans and borrowings**

Interest bearing loans are initially recorded at the net proceeds received. Any discount, premium or other difference between the net proceeds and the redemption value is amortised and included in finance costs over the term of the loan.

**(i) Provisions**

Provisions are recognised when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(j) Taxation**

Tax on the surplus or deficit for the year comprises current tax and the change in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted by the balance sheet date, and any adjustment of tax payable for previous years. Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes

**(k) Funding Arrangements.**

The employers have contributed to the Fund during the current financial year at a rate of approximately 7.70% (2006:7.70%) of the gross salaries of those employees who were members of the Fund. Employees contributed to the Fund during 2007 at the rate of 5.50% (2006 5.5%) of gross salary.

**(l) Deferred expenditure**

All staff housing subsidies advanced are amortised over a five-year period with 50% amortised in both years four and five.

**(m) Revenue**

Interest on investments and rental income are recognised on an accruals basis. Dividends are accounted for when they become receivable by the Fund.

**(n) Goods and services tax**

Revenues and expenses are stated net of any tax.

## National Superannuation Fund of PNG

### Annual Report for the year ended 31 December 2007

<b>2. MOVEMENT IN NET MARKET VALUES</b>	<b>2007</b>	<b>2006</b>
	<b>K000</b>	<b>K000</b>
<b>(a) Movement in net market value of investments</b>		
In respect to those investments held at the end of the year		
Shares in listed companies	254,286	17,450
Shares in unlisted companies	1,854	3,819
Units in international trusts	(1,064)	8,659
Investment properties	17,417	10,029
	<u>272,493</u>	<u>39,957</u>
In respect to those investments realised during the financial year		
Shares in listed companies	13,764	(1,135)
Investment properties/unlisted companies	4,760	1,996
	<u>18,254</u>	<u>861</u>
Total	<u>291,017</u>	<u>40,818</u>
<b>(b) Operating Surplus for the year has been arrived at after charging / (crediting) the following items</b>	<b>2007</b>	<b>2006</b>
	<b>K000</b>	<b>K000</b>
(Profit) / Loss on sale of assets	(21)	5
Auditors Remuneration – Audit	172	159
Auditors Remuneration – Taxation	15	99
Auditors Remuneration – Other Services	0	0
Legal Expenses	129	213

### 3. EMPLOYEES

The number of full time employees at the end of the year was 85 (2006: 73).

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

4. INCOME TAX	2007	2006
	K000	K000
<b>a) Income Tax Expense</b>		
Current tax	5,335	4,190
Change in deferred taxes	192	786
Income Tax Expense	<u>5,527</u>	<u>4,976</u>

The prima facie tax charge on the profit for the year is reconciled to the tax expense as follows:

Accounting profit before tax	<u>326,632</u>	<u>74,467</u>
Tax on the profit for the year at 25%	81,658	18,616
Taxation effect of permanent differences		
- Non deductible items	306	213
- Non taxable items	(73,207)	(13,702)
Dividend Rebate	(3,422)	-
Net deferred tax liability recognised	192	-
Over provision in prior year	-	(151)
	<u>5,527</u>	<u>4,976</u>

<b>b) Income Tax Payable</b>		
Opening Balance of Income Tax payable	1,381	(1,471)
Current tax payable	3,892	4,190
Additional provision relating to prior years	-	(1,338)
Balance of Income Tax payable / (refundable)	<u>5,273</u>	<u>1,381</u>

### c) Deferred Tax Balances

Deferred tax assets and deferred tax liabilities at 31 December 2007 are attributable to the items detailed in the tables below:

	2007			2006		
	Asset	Liability	Net	Asset K	Liability K	Net K
Property, Plant and equipment					(93)	(93)
Investment Property		(7,519)	(7,519)		(6,186)	(6,186)
Provisions	271		271	400		400
Interest Receivable		(546)	(546)		(242)	(242)
Other items					(46)	(46)
		(8)	(8)			
Net tax assets / liabilities	<u>271</u>	<u>(8,073)</u>	<u>(7,802)</u>	<u>400</u>	<u>(6,567)</u>	<u>(6,167)</u>

## National Superannuation Fund of PNG

### Annual Report for the year ended 31 December 2007

<b>5. GOVERNMENT SECURITIES AND OTHER LOANS</b>	<b>2007</b>	<b>2006</b>
	<b>K000</b>	<b>K000</b>
(a) - Government Inscribed Stock	101,874	136,074
(b) - PNG Power	17,474	-
(c) - Southern Highlands Provincial Government	763	1,000
(d) - Airlines of PNG Promissory Notes	20,900	22,900
(e) - NASMEL	8,090	-
(f) - Pacific Rim Plantations	38,600	-
- Other	-	7
	<u>187,701</u>	<u>159,981</u>
Less: Provision for doubtful debts	<u>(763)</u>	<u>(1,007)</u>
	<u><u>186,938</u></u>	<u><u>158,974</u></u>

- (a) Average maturity 4.7 years
- (b) Average maturity 8.9 years - interest 8.45%
- (c) NASFUND has obtained a successful judgement against the Southern Highlands Provincial Government through the courts. The debt has been partially repaid (K591,100)
- (d) Promissory Notes issued by Airlines of PNG – 2% above 180 day treasury notes - minimum 6%- max 10% - Average maturity less than 1 year
- (e) Average maturity 2.2 years - interest 10% p.a
- (f) Average maturity 3.2 years – interest 2% above 180 day treasury notes

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

### 6. STATE GRANT

In December 2000 the government passed the National Provident Fund (Financial Reconstruction) Act 2000. Under Section 4 the State shall make payments to the Fund on each of 28 February; 31 May; 31 August; and 30 November.

For the preceding quarter in each year, a payment of K1 million commencing 31 May 2001 and ending 28 February 2016 indexed to the CPI. A total of K34 million remains outstanding as at 31 December 2007 (2006: K37 million).

The fair value assessment of the amount outstanding at the balance date approximates the carrying value of the State Grant. Fair value was determined by discounting the future cash flows based on a 10-year moving average of inflation rate and discount rates based on interest rates applicable for deposits greater than 12 months.

- (a) Average maturity 8.2 years

7. EQUITY INVESTMENTS	2007	2006
	K000	K000
<b>a) Quoted Shares - Domestic</b>		
Bank of South Pacific Limited	244,760	149,417
City Pharmacy Limited	11,501	9,326
City Pharmacy Limited - Options	511	511
Credit Corporation (PNG) Limited	95,110	26,455
New Britain Palm Oil Limited	105,811	43,550
Ramu Sugar Limited	17,866	3,900
	<u>475,559</u>	<u>233,159</u>
<b>Quoted Shares - International</b>		
AMP Capital China Growth Fund	4,235	-
Highlands Pacific Limited	19,073	31,334
Lihir Gold Limited	30,446	14,914
Marengo Mining Limited	4,318	2,749
Marengo Mining Limited - Options	292	191
New Guinea Energy Limited	1,425	598
Oil Search Limited	55,455	28,706
Steamships Trading Company Limited	40,577	29,265
	<u>155,821</u>	<u>107,757</u>
<b>b) Unquoted Shares &amp; Units</b>		
	<b>Valuation</b>	
	<b>Methodology</b>	
Amalgamated Packaging Limited	6 X Earnings	7,006
		6,426
DataNets Ltd	Fair Value	5,679
		5,679
Hornibrooks NGI	Fair Value	9,980
		-

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

Pacific Balanced Fund	Fair Value	15,070	15,070
Port Services Limited	6 X Earnings	439	365
South Pacific Brewery Limited	8 X Earnings	3,230	3,103
South Pacific Post Limited	6 X Earnings	9	10
Toyota Tsusho (PNG) Limited	6 X Earnings	769	368
Westpac Bank PNG Limited	8 X Earnings	6,623	5,949
		<u>48,805</u>	<u>36,970</u>
<b>c) Quoted Units – International Equity</b>			
ING International Equity Trust		<u>42,337</u>	<u>41,719</u>
<b>Quoted Units – International Fixed Interest</b>			
<b>d) Babcock &amp; Brown Limited</b>			
		19,073	19,981
<b>e) Kundu Notes</b>			
		10,639	10,241
<b>f) Vanguard International Fixed Interest Trust</b>			
		<u>16,566</u>	<u>15,645</u>
		46,278	45,867
<b>Convertible Notes - Unlisted</b>			
<b>g) Roamfree Notes</b>			
		<u>7,299</u>	<u>-</u>
		7,299	-
		<u><u>776,099</u></u>	<u><u>465,472</u></u>

NASFUND purchased a 65% interest in DataNets Limited for K5.7 million in November 2006. The investment is carried at fair value. The results for DataNets (PNG) Ltd has not been consolidated on the view that NASFUND does not have management control and it is the intent to reduce the shareholding to less than a controlling interest within the next three years.

The investment in Pacific Balanced Fund has been carried at cost as there is no information available to reassess the carrying value.

### 8. NOTES TO THE EQUITY VALUATIONS

The valuation methodology of the equity portfolio is as follows

- Quoted Shares: The price is generally the last sale price at close of business of the exchange unless there is a higher bid or lower offer on that day subsequent to the last sale in which case the price of the higher bid or lower offer will prevail. Issues of liquidity and volume are also considered in application of this principle. Substantial negative movements post balance date may also be considered in determining fair value where appropriate. The exchange rate used for conversion is the mid rate between the quoted Bank buy and sell rates AUD/Kina 0.4111 (2006 0.4184).
- Unquoted Shares: Valued at fair value or earnings method by BSP Capital Limited
- Quoted Units: ING International Equity Trust is quoted by ING Limited on a weekly basis.
- Babcock & Brown units are redeemable convertible notes quoted on the Australian Stock Exchange with the date of conversion set at 15 November 2010. ASX Code: BNBG
- Kundu Notes are unlisted collateralised debt obligations maturing 20/06/2017 returning 3% above the 90 day Australian bank bill rate
- Vanguard International Fixed Interest Trust is quoted by Vanguard weekly.
- Roamfree Notes: unlisted 8.5% convertible note: final conversion date 30/06/2012

<b>9. a) INVESTMENT PROPERTIES, LAND AND PROPERTY COMPANIES</b>		<b>2007</b>	<b>2006</b>
<b>Properties</b>	<b>Classification</b>	<b>K 000</b>	<b>K 000</b>
Land	Land	939	1,135
Able Computing Properties	Commercial	1,605	-
API Building	Industrial	7,990	5,456
Basilisk Apartments	Residential	10,483	6,700
Burns Philp Haus	Commercial	8,710	-
Chester St Apartments	Residential	4,044	3,200

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

Coral Suites Apartments – (sold)	Residential	-	3,252
Deloitte Tower	Commercial	52,115	45,109
Kitogara Apartments – (sold)	Residential	-	7,168
Gerehu – (deposit)	Industrial	340	-
Gordons- Section 451, L1/2	Commercial	1,148	-
Lae Warehouse – S15/L5/6	Warehouse	5,380	2,889
NCDC Haus	Commercial	10,530	10,530
Peacehaven Units	Residential	6,065	4,200
Port Moresby Grammar School	Commercial	14,850	13,337
Post Courier Haus	Commercial	2,250	249
Ramu Sugar Properties	Residential	973	973
		<u>127,422</u>	<u>104,199</u>
<b>b) Work In Progress</b>			
Harbour City L13	Commercial	12,317	-
Harbour City L14	Commercial	1,862	-
Harbour City L15	Commercial	1,253	-
Heritage Park Hotel	Commercial	19,998	3,785
Konedobu S35/L6	Commercial/Warehouse	5,350	-
		<u>40,780</u>	<u>3,785</u>

The investment in NCDC Haus represents a 65% interest in an incorporated joint venture known as City Centre Developments Limited. The investment in Burns Philp Haus represents a 52% interest in an incorporated joint venture known as NASMEL Limited.

### 10. PROPERTY, PLANT AND EQUIPMENT

	<b>2007</b>	<b>2006</b>
	<b>K000</b>	<b>K000</b>
Land & buildings at cost		-
Land & buildings – at valuation	4,461	4,000
Accumulated depreciation	-	-
	<u>4,461</u>	<u>4,000</u>
Plant and equipment at cost	3,497	3,163
Accumulated depreciation	(2,252)	(1,976)
	<u>1,245</u>	<u>1,187</u>
Total written down value	<u><u>5,706</u></u>	<u><u>5,187</u></u>

### 11. SUNDRY DEBTORS AND PREPAYMENTS

Sundry debtors & prepayments	1,172	3,603
Bonds and sundry deposits	58	38
Staff home ownership scheme and staff debtors	187	217
	<u>1,417</u>	<u>3,858</u>

### 12. SUNDRY CREDITORS AND ACCRUALS

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

Sundry creditors and accruals	1,671	2,998
Bonds and repayable deposits	720	1,240
	2,391	4,238

### 13. PROVISIONS FOR EMPLOYEE ENTITLEMENTS

Provision for annual leave	204	105
Provision for long service leave	264	139
	468	244

### 14. EMPLOYEE BENEFIT PLANS

#### Post-employment benefits

The fund contributes to the National Superannuation Fund for its own employees.

The plan for general employees is a defined contribution type, whereby the Fund matches contributions to the scheme made by employees at a rate of 5.50% of the employee's base salary. NASFUND employees receive 10% employer contribution rates. Employee contributions are based on various percentages of their gross salaries. During 2007 the Fund has expensed K253,645 in contributions (2006: K198,797).

### 15. COMMITMENTS AND CONTINGENCIES

#### (a) Commitments

There are commitments outstanding as of 31 December 2007 approximating K63.6 million in respect to projects under development and properties awaiting settlement.

	K
a) Heritage Park Hotel	7,175,649
b) Konedobu	16,538,222
c) Harbour City	16,567,537
d) Properties awaiting settlement	23,359,619

#### (b) Contingent Liabilities

Nil

### 16. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events subsequent to the balance sheet date, which require adjustment to or disclosure in the financial statements.

### 17. NOTES TO THE STATEMENT OF CASH FLOWS

<b>2007</b>	<b>2006</b>
<b>K000</b>	<b>K000</b>

#### Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits, net of bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

balance sheet as follows:

Cash on hand and at bank	1,059	2,405
Bank overdraft	(637)	(437)
Interest bearing deposits, and treasury notes.	68,622	78,852
	<hr/>	<hr/>
	69,044	80,820

### 18. RELATED PARTIES

BSP Capital Limited is the Investment Manager contracted to provide investment management and advice to NASFUND. NASFUND owns 7.6% of the shares in Bank South Pacific Limited, the parent company of BSP Capital Limited. The value of that investment as at the end of the financial year was K244,759,836 representing 19.9% of the Funds assets. The Chairman of NASFUND is also a director of Bank South Pacific Ltd but does so in his own capacity not as a representative of NASFUND.

#### (a) Investments with Service Providers

The following investments with service providers were in existence as at 31 December 2007.

Term deposits	Type	Amount	Rate
Bank South Pacific Ltd	< 90 Days	K400,000	2.75%

#### (b) Loans from Service Providers

Directors and Officers obtained the following loans from the Bank of South Pacific in the normal course of business.

Trustee/Director	Loan <K500,000	Loan >500,000	Date of Loan
Mr Mike Manning	Yes	-	2005
Mr Reg Monagi	Yes	-	2000
<b>Management</b>			
Mr Ian Tarutia	Yes	-	2002
<b>Audit Committee</b>			
Mr Ernie Gangloff	Yes	-	2003

#### (c) Services by BSP Capital Stockbrokers

The following Directors and Officers utilised the services of BSP Capital Limited throughout the year

- Mr John Jeffery
- Sir Ramon Thurecht OBE through SPAC Flying Trust
- Mr Rod Mitchell
- Mr Ian Tarutia MBE

#### (d) Value of share, loans and deposits held by the Fund of contributing employers

- K764 million or 62% of the portfolio.

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

### 19. FINANCIAL INSTRUMENTS

- Exposure to credit, interest rate and currency risk arises in the normal course of the fund's activities.
- The Fund's foreign currency risk is in respect to various investments denominated predominantly in Australian dollars.
- There is minimal credit risk.
- The fund monitors the interest rate on investments on a regular basis.

National Superannuation Fund is a trust domiciled in Papua New Guinea

Principal place of business	Section 58, allotment 6 & 7, Boroko 4 mile, Hubert Murray Highway Port Moresby Papua New Guinea
Trustee	National Superannuation Fund Limited
Directors of the Trustee Company	Mr John Jeffery Sir Ramon Thurecht OBE Mr William Lamur Mr Mike Manning OL OBE Mr Melchior Togolo CBE Mr Reg McAlister Mr Anton Sekum Mr Reginald Monagi Dr John Nonggor Lady Mina Siaguru SM
Auditors	KPMG Chartered Accountants PO Box 507 Port Moresby Papua New Guinea

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

Investment Managers	BSP Capital Ltd
Fund Administrators	Aon Consulting (PNG) Ltd
Bankers	Bank South Pacific Ltd

*Artist Ruki Fame – Installation United States of America Embassy*

SHAREHOLDER	DIRECTORS - INTERESTS REGISTER
<b>John Jeffery:</b>	<b>Employers Federation (PNG)</b>
Director:	Employers Federation (PNG), PNG Manufacturers Council, Bank South Pacific Ltd, Small Business Development Corporation (Chairman), Jayliss Ltd, National Tripartite Consultative Council,
Shareholder:	Highlands Pacific Ltd, Oil Search, Jayliss
Other:	PNG Institute of Directors,
<b>Mike Manning</b>	<b>Rural Industries Council</b>
Director:	INA, IPA, National Roads Authority, Transparency International, Community Coalition Against Corruption, Peace Foundation, Ginigoada I Mirel Ltd, Chairman, TVET Steering Committee, Chairman, National Interpretation Working Group on Sustainable Oil Palm
Shareholder:	Amadeus Ltd, Life Therapeutics Ltd
<b>Sir Ramon R Thurecht</b>	<b>Manufacturers Council (PNG)</b>
Director:	H.R. Holdings Ltd., Papua New Guinea Printing Co. Ltd., Lae Printing Ltd., Olympic Stationery Ltd., PNG Mufflers & Radiators Ltd., Infratech Management Consultants Ltd, PNG Manufacturers Council, SPAC Flying Trust.
Memberships:	Papua New Guinea Queensland Business Association, Papua New Guinea Institute of Directors Inc. Australian Institute of Directors' Institute of Directors (PNG)
Other:	Honorary Consul for The Independent State of Austria
<b>William Lamur</b>	<b>PNG Chamber of Commerce</b>
Director:	East New Britain Development Corporation (Chairman), ENB Port Services, Anderson Foodland, National Development Bank (Chairman), Nasfund Contributors Savings & Loans, Trukai Industries Ltd.
Member:	PNG Chamber of Commerce, Port Moresby Chamber of Commerce, Institute of National Affairs, PNG Institute of Directors.
<b>Melchior (Mel) Togolo</b>	<b>PNG Chamber of Mines &amp; Petroleum</b>
Director:	Nautilus Minerals Niugini Limited, Westpac Bank PNG Limited, Transparency Int (PNG)
Member:	Finance Board, Catholic Bishop Conference, INA, Jesus Centre Halfway House, Business Council of Papua New Guinea
<b>Reg McAlister:</b>	<b>Trade Union Congress (PNG)</b>
Employee:	General Secretary of the PNG Maritime Workers Industrial Union
INDEPENDENT	DIRECTORS

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

<b>Reg Monagi:</b>	<b>Independent Workers Representative</b>
Director:	Nasfund Contributors Savings & Loans
Member:	Australian Institute of Directors, PNG Institute of Directors
<b>Dr John Nonggorr:</b>	<b>Independent</b>
Director:	Transparency International, Nonggor & Associates, Independent Public Business Corporation,
Other:	Honorary Counsel, British High Commission, Law Society (PNG),
<b>Lady Mina Siaguru</b>	<b>Independent</b>
Director	Port Moresby Stock Exchange, Devine Word University
Other	Leadership PNG (Chair)
<b>Ernie Gangloff:</b>	<b>Independent – Audit &amp; Remuneration Committee</b>
Employee:	Deloitte Touche Tohmatsu

### OFFICERS

<b>Rod Mitchell</b>	<b>Chief Executive Officer</b>
Director:	Highlands Pacific Ltd, Credit Corporation (PNG) Ltd, Atagubu Ltd, City Centre Developments Ltd, DataNets Limited, CEO, Business Coalition on HIV & AIDS, Secretary Association of Superannuation Funds (PNG), Hornibrook NGI Limited
Member:	Australian Institute of Directors, PNG Institute of Directors,
Shareholder:	New Britain Palm Oil Limited, Bank South Pacific Limited
Related Party:	NASFUND Contributor
<b>Ian Tarutia:</b>	<b>Chief Executive Officer</b>
Director:	Amalpack Limited, Ramu Sugar Limited, NASFUND Contributors Savings & Loans, Seychelles Ltd, Transparency Int, Associated Mills Limited
Shareholder:	Bank South Pacific Limited, New Britain Palm Oil Limited, Marengo Mining Limited, Seychelles Ltd
Member:	PNGID, Australian Institute of Company Directors, Financial Services Institute of Australasia, Badili Club
<b>Erastus Kamburi</b>	<b>Company Secretary &amp; Chief Legal Officer</b>
Director:	Amalpack Ltd, DataNets Limited
Member:	Law Society (PNG)

## Making sure your superannuation works for you! – Making Contact

### *Making Contact with the NASFUND Board & Management*

Trustee/Director	Stakeholder Representation	Email Address	Phone No
Mr John Jeffery	Employers Federation of PNG	<a href="mailto:johnjeffery@nasfund.com.pg">johnjeffery@nasfund.com.pg</a>	325 9272
Sir Ramon Thurecht	Manufacturers Council of PNG	<a href="mailto:hrh@printer.com.pg">hrh@printer.com.pg</a>	321 7610
Mr Mike Manning	Rural Industries Council of PNG	<a href="mailto:mikman@online.net.pg">mikman@online.net.pg</a>	982 9428
Mr Mel Togolo	PNG Chamber of Mines & Petroleum	<a href="mailto:mpt@nautilusminerals.com">mpt@nautilusminerals.com</a>	321 1284
Mr William Lamur	Chamber of Commerce and Industry	<a href="mailto:wlamur@online.net.pg">wlamur@online.net.pg</a>	323 4033
Mr Reg McAlister	Trade Union Congress	n/a	321 5408
Mr Anton Sekum	PNG Banking Financial Instit Union	<a href="mailto:asekum@bsp.com.pg">asekum@bsp.com.pg</a>	322 9131
Dr John Nonggorr	Independent Director	<a href="mailto:jnonggorr@daltron.com.pg">jnonggorr@daltron.com.pg</a>	325 7933
Mr Reg Monagi	Independent Director	<a href="mailto:reg.monagi@sp.com.pg">reg.monagi@sp.com.pg</a>	302 8247
Lady Mina Siaguru	Independent Director	<a href="mailto:msiaguru@online.net.pg">msiaguru@online.net.pg</a>	3234252
<b>Management</b>	<b>Position</b>		
Mr Rod Mitchell	Chief Executive Officer	<a href="mailto:rodmitchell@nasfund.com.pg">rodmitchell@nasfund.com.pg</a>	325 8148
Mr Ian Tarutia	Chief Executive Officer	<a href="mailto:iantarutia@nasfund.com.pg">iantarutia@nasfund.com.pg</a>	323 5595
Mr Erastus Kamburi	Legal Counsel and Company Secretary	<a href="mailto:ekamburi@nasfund.com.pg">ekamburi@nasfund.com.pg</a>	325 7571
<b>Non Board Member</b>			
Mr Ernie Gangloff	Independent – Audit & Remuneration	<a href="mailto:EGangloff@deloitte.com.pg">EGangloff@deloitte.com.pg</a>	321 1888

### *Making Contact with NASFUND Client Service*

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

For queries relating to your account, withdrawals, change of details, and housing advance, please contact the client service hotline

<u>Service Operator</u>	<u>Phone</u>	<u>Facsimile</u>	<u>Email Address</u>
Mr Boe Morea	324 1859	323 3559	<a href="mailto:helpdesk@nasfund.com.pg">helpdesk@nasfund.com.pg</a>
Mrs Agnes Douwa	324 1857	323 3559	<a href="mailto:helpdesk@nasfund.com.pg">helpdesk@nasfund.com.pg</a>
Ms Kila Vani	324 1897	323 3559	<a href="mailto:helpdesk@nasfund.com.pg">helpdesk@nasfund.com.pg</a>
Ms Veronica Jimmy	324 1868	323 3559	<a href="mailto:helpdesk@nasfund.com.pg">helpdesk@nasfund.com.pg</a>
Switch Board	325 9522	323 3559	<a href="mailto:helpdesk@nasfund.com.pg">helpdesk@nasfund.com.pg</a>

For employer related queries please contact the Chief Executive Officer, Ian Tarutia direct on **323 5595** or email at [iantarutia@nasfund.com.pg](mailto:iantarutia@nasfund.com.pg). For complaint resolution phone Mr Siri Koae direct on **325 6353** or email: [skoae@nasfund.com.pg](mailto:skoae@nasfund.com.pg)

Visit our website at NASFUND: [www.nasfund.com.pg](http://www.nasfund.com.pg)

<u>Branch Offices</u>	<u>Phone</u>	<u>Facsimile</u>	<u>Email Address</u>
Kimbe	983 4114	983 4115	<a href="mailto:kbenasfund@nasfund.com.pg">kbenasfund@nasfund.com.pg</a>
Kokopo	982 8730	982 8731	<a href="mailto:kponasfund@nasfund.com.pg">kponasfund@nasfund.com.pg</a>
Lae	472 4633	472 5971	<a href="mailto:laenasfund@nasfund.com.pg">laenasfund@nasfund.com.pg</a>
Madang	852 1835	852 1847	<a href="mailto:mdgnasfund@nasfund.com.pg">mdgnasfund@nasfund.com.pg</a>
Mt Hagen	542 3145	542 3134	<a href="mailto:hgnnasfund@nasfund.com.pg">hgnnasfund@nasfund.com.pg</a>
Goroka	732 1089	732 1086	<a href="mailto:gkanasfund@nasfund.com.pg">gkanasfund@nasfund.com.pg</a>
Tabubil	548 8091	548 8051	<a href="mailto:tblnasfund@nasfund.com.pg">tblnasfund@nasfund.com.pg</a>
Alotau	641 0162	641 0164	<a href="mailto:alonasfund@nasfund.com.pg">alonasfund@nasfund.com.pg</a>
Wewak	859 1010	856 1436	<a href="mailto:wwknasfund@nasfund.com.pg">wwknasfund@nasfund.com.pg</a>
Popondetta	329 7400	329 7295	<a href="mailto:popnasfund@nasfund.com.pg">popnasfund@nasfund.com.pg</a>
Kavieng	984 1599	984 1630	<a href="mailto:kvgnasfund@nasfund.com.pg">kvgnasfund@nasfund.com.pg</a>

### **Alotau**

OIC: Ms Miriam Nalo  
P.O Box 423, Alotau, M.B.P  
E: [alonasfund@nasfund.com.pg](mailto:alonasfund@nasfund.com.pg)  
P: 641 0162 F: 641 0164

### **Wewak**

OIC: Mr Michael Matmillo  
P.O Box 740  
Wewak, ESP  
E: [wwknasfund@nasfund.com.pg](mailto:wwknasfund@nasfund.com.pg)  
P: 856 1010 F: 856 1436

### **abubil**

OIC: Mr Willie John  
PO Box 133  
Tabubil – WP  
E: [tblnasfund@nasfund.com.pg](mailto:tblnasfund@nasfund.com.pg)  
P: 548 8091 F: 548 8051

### **Popondetta**

OIC: Mr Samuel Wariambu  
P.O Box 619  
Popondetta, Oro Province  
E: [popnasfund@nasfund.com.pg](mailto:popnasfund@nasfund.com.pg)  
P: 329 7400 F: 329 7295

### **Lae**

OIC: Mr Steven Gerega  
P.O Box – Morobe Province  
E:  
[Laenasfund@nasfund.com.pg](mailto:Laenasfund@nasfund.com.pg)  
P: 472 4633 F: 472 5791

### **Kokopo**

OIC: Ms Jocelyn Poraporo  
P.O Box 2079  
Rabaul – ENBP  
E:  
[kponasfund@nasfund.com.p](mailto:kponasfund@nasfund.com.p)  
P: 982 8730 F: 982 8731

### **Kimbe**

OIC: Mr Sebastian Pamolak  
PO Box 935  
Kimbe – WNBP  
E:  
[kbenasfund@nasfund.com.pg](mailto:kbenasfund@nasfund.com.pg)  
P: 983 4114 F: 983 4115

### **Kavieng**

OIC: Mr Sikal Kelep  
P.O Box 715  
Kavieng, New Ireland Prov  
E:  
[kvgnasfund@nasfund.com.pg](mailto:kvgnasfund@nasfund.com.pg)  
P: 984 1599 F: 984 1630

### **Mt Hagen**

OIC: Mr Leo Vue  
P.O Box 1539, Mt Hagen  
E: [hgnasfund@nasfund.com.pg](mailto:hgnasfund@nasfund.com.pg)  
P: 542 3145 F: 542 3134

### **Madang**

OIC: Ms Maria Magun  
P.O Box 1166  
Madang – Madang Province  
E: [mdgnasfund@nasfund.com.pg](mailto:mdgnasfund@nasfund.com.pg)  
P: 852 1835 F: 852 1847

### **Goroka**

OIC: Mr Michael Wende  
PO Box 595  
Goroka – EHP  
E: [gkanasfund@nasfund.com.pg](mailto:gkanasfund@nasfund.com.pg)  
P: 732 1089 F: 732 1086

### **Port Moresby**

OIC: Mr Siri Koae  
P.O Box 5791,  
Boroko, Port Moresby  
E: [helpdesk@nasfund.com.pg](mailto:helpdesk@nasfund.com.pg)  
P: 325 6353 F: 323 3559

## National Superannuation Fund of PNG

### Annual Report for the year ended 31 December 2007

#### *If You Have a Complaint*

Members who have a concern with any aspect of their account or progress concerning their withdrawal are advised to firstly ring the Client Service Centre – Ph 325 9522. If you are not getting satisfaction from the Client Service Centre on your claim or other relevant matter, you should then access the NASFUND Complaints Officer for resolution – Ph 325 6353.

If after 90 days from lodgement of a written complaint to the Fund and you are still not satisfied with the outcome, you can write to the following address. Please enclose all particulars and supporting documentation of the complaint matter to the

**Chairman: Complaints Resolution Committee**  
**Association of Superannuation Funds of PNG Inc**  
**P.O Box 1205**  
**Boroko**  
**Papua New Guinea**



ASFPNG has a new website : [www.asfpng.org.pg](http://www.asfpng.org.pg)

– Complaints to the Superannuation Council can be lodged through the internet on [www.asfpng.org.pg](http://www.asfpng.org.pg)  
[www.asfpng.org.pg](http://www.asfpng.org.pg) [www.asfpng.org.pg](http://www.asfpng.org.pg) [www.asfpng.org.pg](http://www.asfpng.org.pg) [www.asfpng.org.pg](http://www.asfpng.org.pg) [www.asfpng.org.pg](http://www.asfpng.org.pg)

#### **PRODUCTS OFFERED BY NASFUND**

#### *If You Are Currently Outside the Superannuation Net and Want to Be a Part of NASFUND.*

Eda Supa is a voluntary savings scheme for workers who are outside of the superannuation net by virtue of their status as self employed individuals, recipient of landowner royalties, farmers or persons employed in establishments who are not required to contribute compulsory superannuation.

# **National Superannuation Fund of PNG**

## **Annual Report for the year ended 31 December 2007**

*Artist: Ruki Fame - Frieze- Rural Development  
Bank Building, Waigani*

### **Savings outside Superannuation**

Superannuation is an investment vehicle catering for long-term savings with stringent rules for access. For short-term savings outside of superannuation, NASFUND established the NASFUND Contributors Savings & Loan Society (“NCSL”).

The NASFUND Contributors Savings & Loan Society was established in October 2003 to complement our superannuation services and offers members a smarter, easier alternative to banks and other deposit taking institutions. Smarter, because there is more than one-way to save and easier because we provide a friendlier, personalized and more accessible service for all our customers. Our range of services includes a selection of savings accounts and personal loans at very low interest rates. They are:

- An Education Account that covers school fee / education expenses,
- General Savings Account that covers personal loans
- Christmas Account that covers spending at Christmas time.

Through NASFUND offices in Alotau, Lae, Mt Hagen, Goroka, Madang, Kimbe, Kokopo, Popondetta, Tabubil, Kavieng and Wewak apart from our head office in Port Moresby, we are well represented throughout the whole country.

For further information on how to join the only Savings & Loan Society, please contact the following:

#### **NASFUND CONTRIBUTORS SAVINGS & LOAN SOCIETY**

P.O. Box 7732, Boroko  
National Capital District

# **National Superannuation Fund of PNG**

## **Annual Report for the year ended 31 December 2007**

*P:* (675) 325 5696

(675) 325 7166

(675) 323 0773

*F:* (675) 325 6347

*E:* [operationsncsl@ncsl.com.pg](mailto:operationsncsl@ncsl.com.pg)

*W:* [www.ncsl.com.pg](http://www.ncsl.com.pg)

*Artist: Ruki Fame*

*Note: NCSL is a separate entity from NASFUND. Saving deposits to NCSL must be paid separately and not included with superannuation savings.*

## **Membership Discount Program**

**National Superannuation Fund of PNG**

**Annual Report for the year ended 31 December 2007**

*Important Information for Employers and their Human Resource Officers*

# **National Superannuation Fund of PNG**

## **Annual Report for the year ended 31 December 2007**

*Artist Ruki Fame – Frieze- Rural  
Development Bank Building, Waigani*

### ***What forms do I use?***

#### **Employer / Membership Registration**

*SF3 – Employer Registration Form*

#### **Employee/Membership Registration**

*SF5A - Monthly Return of New Employees*

*SF5B - Monthly Return of New Employees who are Nasfund Members from previous employment*

*SF2 - Nomination & Declaration Form- Registering members' personal records (Date of Birth, Place of Origin, Beneficiaries, and Signature)*

*SF10 - Notice of Change of Nomination /Beneficiaries*

*SF8 -Remitting Monthly Contributions Schedule*

*SF6 - Monthly Return of Employees who have left service*

#### **Housing Assistance**

*SF24 - Application for Housing Advance*

#### **Entitlements Withdrawals**

*SF21 - Application for Withdrawal by member*

*SF22 - Application for Withdrawal of a deceased member's entitlements*

**USE OUR WEBSITE FOR QUICK DOWLOAD OF ALL RELEVANT FORMS – [www.nasfund.com.pg](http://www.nasfund.com.pg)**

# National Superannuation Fund of PNG

## Annual Report for the year ended 31 December 2007

### NASFUND MEMBERS LIVING WITH HIV/AIDS – PROTECTING PRIVACY

If not already, very soon we will all know someone who has contracted HIV. With proper treatment, care and support, and a healthy lifestyle, including regular exercise, a wholesome diet, minimising alcohol, smoking and betel nut, there is no reason why you cannot continue to live a full and productive life.

We recognize that there are NASFUND members who have tested positive for HIV and are seeking to withdraw their savings, but may not be ready to talk openly with a Client Service Officer, about why they are withdrawing on grounds of disability. We understand and respect this wish for privacy.

NASFUND is committed to ensuring customers are treated with the highest levels of respect and sensitivity. We go to great lengths to ensure your records and claims are subject to the highest standards of privacy and confidentiality. Part of this commitment includes limiting the number of staff who may manage HIV claims. We have selected two staff members who have undergone training in HIV issues and are sensitive to managing your concerns. You can be assured that when dealing with NASFUND, your privacy is guaranteed.

To deal with HIV related withdrawals on a confidential non-judgemental manner please contact either.

Mr Dickson Aopi  
Telephone: 323 3557  
Email: [daopi@nasfund.com.pg](mailto:daopi@nasfund.com.pg)

Mr Rod Mitchell  
Telephone: 325 8148  
Email: [rodmitchell@nasfund.com.pg](mailto:rodmitchell@nasfund.com.pg)

Gickmai Kundun was born in Ondomondo Village, Simbu Province, in the Highlands of Papua New Guinea. He is one of the South Pacific's most renowned metal sculptors and graphic artists, having exhibited extensively outside as well as inside PNG, and is very active in teaching and promoting other PNG artists. His work often reflects contemporary social issues.

### *The Tin- Men*

Gickmai began teaching at the National Art School in Port Moresby after graduating from there in 1976. He has been invited to participate in many pan-Pacific artists' gatherings, including the Maori Painters' Symposium and South Pacific Workshop in Auckland, New Zealand (1993) and the Te Wakatoi Symposium of Indigenous Visual Arts in Rotorua, New Zealand (1995). In 2003, he was artist-in-residence at the Asian School of Music, Worship and the Arts, Quezon City, Philippines.

The artist currently lives and works in Port Moresby.

*Back Cover: Ruki Fame: Public Installation Waigani Drive, Port Moresby*

**Gickmai Kundun**

*Bibliographies of Artists: Courtesy of Ms Elaine Monds, Alcheringa Gallery, British Columbia, Canada  
Website: Alcheringa Gallery [[alcheringa@islandnet.com](mailto:alcheringa@islandnet.com)]*

# **National Superannuation Fund of PNG**

## **Annual Report for the year ended 31 December 2007**

Port Moresby, he attracted the attention of Georgina Beier, an Australian artist who was living and working there. She began to teach him to make iron lamps and wall hangings of perforated steel. Following three months of training with Georgina, he spent a short period with Tom Craig at Goroka Teachers College in 1971, then returned to Port Moresby, where he attended the National Art School for a further five years.

Ruki has received commissions to create major installations for highly visible locations within the city of Port Moresby and Goroka. Among these is a steel wall sculpture for the University of Papua New Guinea and another for the Agricultural Bank. His work can be found in the collections of the Australian Museum in Sydney, Australia, and the Museum für Volkerkunde und Schweizerisches in Basle. In 2003 he attended a symposium in China, where he worked alongside metal artists from 23 countries.

### **Ruki Fame**

Ruki Fame was born in Nagameto Village in the Eastern Highlands. He was the first Papuan New Guinean to become a metal sculptor. Trained originally as a welder in

**Inside Front Cover:** Miss. Kokenu Makita:- 13 years old Grade 7 Wardstrip Demonstration Primary School

**Winner of the POST PNG and Law and Justice 2006 National Competition**

**Front Cover:** Street Kids from 9 Mile

Gickmai Kundun (Simbu)

## **National Superannuation Fund of PNG**

### **Annual Report for the year ended 31 December 2007**

2006 Charcoal and pastel on paper  
28" X 19.75"

*"No exception for 9 mile kids. They have seen it done. They have heard it being done. You have introduced law and order. You have no control over them. Where are the Chiefs from the villages? The kids have taken over the big mans position. They only attack law and order. The kids know their Chiefs. They call them Paps" - Gickmai Kundun*