



Employer Conference 2021

Wednesday 14 April, 2021

**Nasfund Boardroom: Level 4, BSP Haus,
Harbour City, Port Moresby**



Ian A. Tarutia OBE
Chief Executive Officer

2020 Year in Review

2020 Year in Review



- Commenced 2020 with high expectations that our focus would be on the gains of 2019, improving areas of the business we did not do well in and progressing a number of strategic objectives outlined in the Chapel Accord.
- In particular was the Logo rebrand roll out, enhancing employer engagements, data mining and seeking investment opportunities in the power, telecommunications infrastructure space.
- All our plans and well intended actions were shelved as COVID took precedence. Our focus was diverted to managing what we could control and influence, *“a plan for the worst and hope for the best”* approach.
- We worked well with our colleague Funds, BPNG, peak private sector bodies, Govt, PM, Treasurer especially in the early stages of the SOE measures imposed in April – May 2020. Especially the discussions on amending the Superannuation Act to allow immediate access to funds on grounds of losing employment due to COVID 19.
- Played a significant role in the Govts economic stimulus package, investing over K483 million in GIS through the BPNG led quantitative easing (QE) program.

2020 Year in Review



What we did well?

- Maintained Business as Usual. (BCP worked, split teams, work from home, additional branch set up, ZOOM technology).
- Kept staff, members healthy and safe.
- Consulted, collaborated ASF, other peak organizations on COVID prevention protocols as well as advise on keeping economy going. (impacts on our members & employers).
- Management of liquidity.
- Cash income from investments exceeded budget.
- Strong cost management and control of expenses.
- Continued to pay members their entitlements.
- Able to pay a positive crediting rate to members.

2020 Year in Review



Challenges

- Stress on the portfolio. Valuations on property, unlisted equities adversely impacted.
- Decline in cash income streams, dividends, rental payments.
- Increased withdrawal payments.
- Limited investment opportunities outside of high yielding Fixed Income.
- Porgera mine closure – loss of monthly contributions totaling K 1.8 m per month.
- Prolonged weak state of the economy will have an impact on growth prospects in terms of new business, new members, ability to make contribution payments.

2020 Year in Review



Highlights

- 2% increase in contribution receipts totaling K 577 m Vs Budget of K 624 m and K 564 m in 2019.
- 22% increase in withdrawals totaling K 468 m Vs Budget of K 384 m and K 385 m in 2019.
- Net contribution of K 106 m
- Cash income of K 392 m Vs Budget of K 391 m. (ex Val)
- Expenses of K 64 m Vs Budget of K 70 m.
- Profit after tax of K 281 m Vs Budget of K 266 m.
- Net valuation loss of K 58 m and tax of K 47 m.
- Audited net profit of K 222.9 m Vs K 312. 6 m in 2019 (inc. Val).
- Total Assets of K 5.63 b Vs K 5.3 2 b in 2019.
- Net Assets of K 5.57 b vs K 5.24 b in 2019.
- 93,073 transactions vs 70,650 in 2019.
- 5% growth in new member registrations – 53, 996 Vs 51, 244 in 2019
- Net 3% growth in membership base - 604,587 members
- Interest Rate of 4.5% equating to over K 235 million credited into member accounts.

2020 Year in Review



- Active membership base of 197, 824 vs 193, 601 in 2019.
- New employer registration of 175 entities Vs 188 in 2019. (7% decrease).
- Unallocated contribution of K 49 m down from K 65 m in 2019.
- New Logo launched
- MOU signed with IPA on data sharing for new employer registration.
- Delivered 3rd Employer Award Night
- MOU signed with ESP Government to capture cocoa, vanilla and oil palm growers to join Eda Supa

2020 Year in Review



Learnings & Opportunities

- COVID has exposed weakness in our health systems, facilities.
- Prevention and containment measures to prevent COVID spread are difficult when members do not have adequate housing.
- Superannuation has only been able to provide relief when members are unemployed, planning housing or retired after active employment. **Should we be doing more?**
- Opportunities to review our current legislation. Make it more responsive and relevant to members living today.
- Look at large scale housing for members as first time home buyers.
- Investment in health facilities similar to Funds in the specific.

2021 Year Ahead



Our Environment

- Economy will remain sluggish if the much anticipated resource projects of Wafi, Pnyang is further delayed. Papua LNG FSA signing will not realize immediate impacts at this time.
- Continued closure of Porgera will see a out flow of funds this year if high valued members decide to withdraw after crediting of annual interest.
- Employment growth will remain static.
- Forex rationing and availability is still a concern.
- Our employers may decide to rationalize their work force, resulting in further job losses.

Opportunities

- Focus this year will be to implement what we could not do last year. (COVID is not an excuse not to do anything).
- Satisfactorily conclude legacy investments. We aim to bring one new deal in telecommunications or power or PPP with a SOE in the same sector.
- Review our current 5 year strategic plan, where we are now, how we are tracking, COVID Impacts, whether objectives need to change.
- Task Force on Superannuation & Life established.
- Work closely with NCSL to deliver a wider array of non super financial services to members.

2021 Year Ahead



Key Messages

- Always have a long term view about your superannuation savings.
- Investment cycle will always have its ups and downs.
- Measure of returns should not be assessed on a year on year basis but over a longer period.
- Members are already better off with the employer contribution of K1. 40 for every K1.00 contributed by the member. Remember this.

KEEP SAFE & OBSERVE COVID PREVENTION PROTOCOLS

Thank you