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SINPF *Toking Drum*

QUARTERLY E-NEWSLETTER

ISSUE 2 / MARCH 2014

Welcome to the second issue

From the NPF Board, Management, and the Toking Drum team welcome to our second issue.

Firstly thank you for all the positive feedback we have received for our inaugural issue focusing on NPF's Investment Department.

In this quarterly edition we will be focusing on the Operations Department. With its human resources of over 35 this department is the frontline of NPF. It is responsible for daily interactions and correspondences with

members and employers.

This issue looks at the key activities of the Operations Department and the challenges it faces in carrying out these activities.

By opening up the doors of NPF to the public we hope to improve understanding of the work we at NPF are doing on the behalf of members and employers.

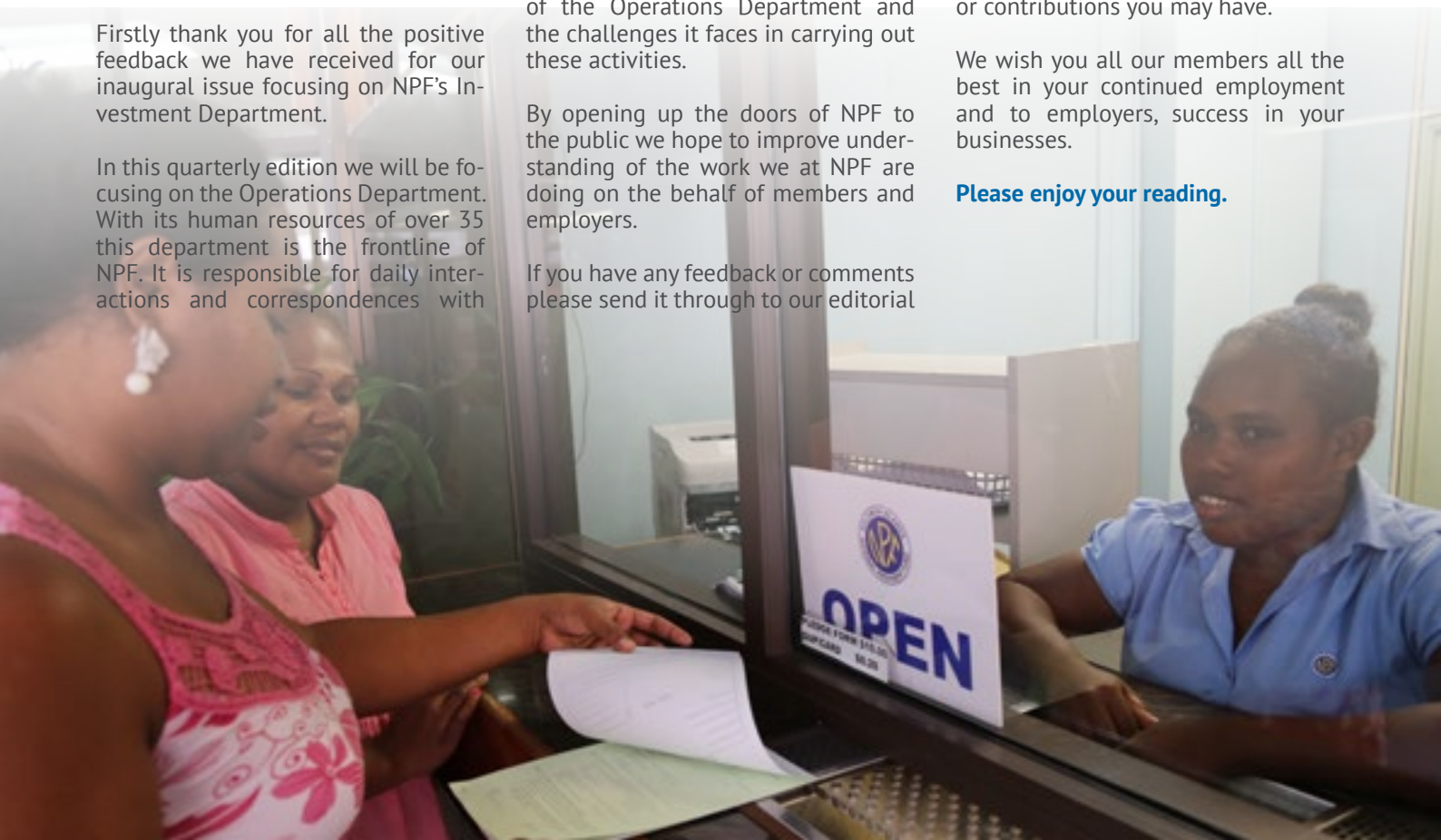
If you have any feedback or comments please send it through to our editorial

team at amisitee@sinpf.org.sb

As always we welcome any story ideas or contributions you may have.

We wish you all our members all the best in your continued employment and to employers, success in your businesses.

Please enjoy your reading.





SINPF Profile

As at 31 March 2014

114,525

Total members with credit balance

52,450

Active members

62,075

Non active members

70% male 30% female

Composition of members

\$1.8 billion

Total members contribution

\$2.3 billion

Total gross investment

2139

Number of active employers

\$840 million

Investment income

35.2%

Return on investment

20%

Interest paid to members

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For feedback or to submit an article please contact SINPF Senior Corporate Services Officer Anne Misitee.

ANTHONY SARU BUILDING

Operations Profile

With over 35 staff, the Operations Department is the biggest department within the Solomon Islands National Provident Fund. The Operations Department is the gate way to the Fund its mission is to provide effective and reliable customer services to members and employers, to preserve, protect and sustain growth of members' contribution wealth.

Its roles include the effective management of member and employer database accounts, collection of outstanding Contribution Schedules (Form "A"s) or Electronic Data Interface (EDI), contribution and surcharge arrears. Registration of new members and employers, processing of members' 2/3rd pledges, processing of withdrawal

applications and payments, provision of information through educational awareness, carried out enforcement and compliance as required under the provisions of the NPF Act (Cap 109).

In short, says NPF Manager Operations, Aluta Kakadi, the role of the Operations Department is to implement the NPF Act.

The department is headed by the Manager Operations with the support of two deputies - Assistant Operations Manager (Members Services) Luke Mamae and Assistant Manager Operations (Employers Services) Wilson Hano - who respectively oversees the two main divisions of Members and Employers.

Within the Members Services Division there are four sections: Customer Service, Members Service, Auki Branch, and Gizo Branch.

The Employers Services Division comprises of three main sections: Enforcement and Compliance; Employers Accounts, and Members Accounts.

With offices in Honiara, Auki in Malaita Province and Gizo in the Western Province the Operations Department handles all enquiries from NPF's ever growing members. Between July and December 2013 the Department dealt with over 15,000 enquiries from customers, the bulk of it through the Honiara office.



Building the next level of customer service

One of the major highlights for the Operations Department in 2014 is the upcoming opening of the Customer Care Centre.

Located on the ground floor of the NPF Building in Point Cruz, the new centre is in its final stages of construction and is on track to be opened in May/June this year.

The centre, says NPF Operations Manager Aluta Kakadi, has been two years in the planning and once

operational will make interaction with members and employers more efficient and convenient.

"In fact it will reduce the processing time for registration, withdrawals and 2/3rd pledges".

"Currently withdrawal and registration applications when submitted are processed in the back office but with the new Customer Care Centre direct interaction with customer will add value to efficiency

and customer satisfaction".

NPF's Supervisor Members Services, Kensmith Lasi says with the new set up, we are looking forward to more fulfilling service delivery.

"One of the things we often get is incomplete documentations. This disrupts or delays the processing of paperwork with forms having to be sent back to the customer. By having a direct communication with the customer at the counter we can



Manager Operations, Aluta Kakadi at the new customer care centre.

deal with the incomplete forms or discrepancies immediately.”

As NPF’s active membership reaches over 50,000, the new centre is a milestone for the organisation, members and employers says Supervisor Customer Services, Victoria Andersen.

She points out the new counter will have more space to cater for more customers being served at nine teller windows.

“As more members join NPF each year we need to improve how we deal with our customers.”

Customers can access the following service at the new centre:

- **Contribution balance**
- **Registration of new member and employers**
- **Pledges**
- **Payment of contribution and surcharge**
- **Withdrawals**
- **General Enquiries**

Even withdrawals - which take up to 14 days or more to process will be greatly improved says Kakadi.

“By verifying and processing of withdrawal documents at the counter, it guarantees completeness and accuracy of submitted documents, hence reduce error rates and enhance efficiency,” says Kakadi.

Membership cards

As part of the refurbishment NPF is also planning to introduce new membership cards for its members.

The standard laminated cards will be replaced by new photo ID cards which can be produced at the customer care centre.

“The introduction of this new membership cards will enable proper identification and verification of members’ enquiries and requests.”

New home for cashier

Employers will benefit from the new customer centre with the relocation of the cashier out of the NPF Building lobby.

The cashier will now be inside the customer care centre next to the verification officer.

“One of the frequent feedbacks from Employers was that the process of verification of Contribution Schedules and receipting of contribution payments is time consuming – employers want to be served in one office. Now we are rolling those two services into one office.”

Interview room

One of the new features of the customer care centre is an interview room.

“Some members’ issues are confidential and sensitive, which this new setup will be address,” says Lasi.

“Currently we’ve never been able to do that. The interview is done standing at the counter alongside all other customers. This wasn’t very good, because in some cultures you can’t mention your father’s name when people are standing around you. It made some customers uncomfortable.”

All general enquiries will be done at the Customer Care Centre, customers while waiting to be served will have information leaflets to read or view educational NPF programs on screen.

Employers too says Lasi will be able to use the interview room to discuss matters with NPF.

This interview room will provide a better experience for both members and employers and will take NPF to the next level of customer service.



The soon to be opened new customer care centre.

171,642 members and growing

At the end of its first financial year in 1976 NPF had just 11,658 members and 156 Employers.

Today, more than 36 years after it was established and the Fund has 171,642 members with assets worth than \$2.4 billion.

With all workers required by law to register with the NPF, the membership is expected to grow as Solomon Islands economy continues to develop.

By the end of the 2013 Financial Year, NPF registered 5,400 new members taking total Fund membership to 166,000. More importantly the number of active members is steadily growing- active members are members who have at least one contribution paid during the current financial year – active membership has continued to grow to 50,000, a 14% increase from 2012.

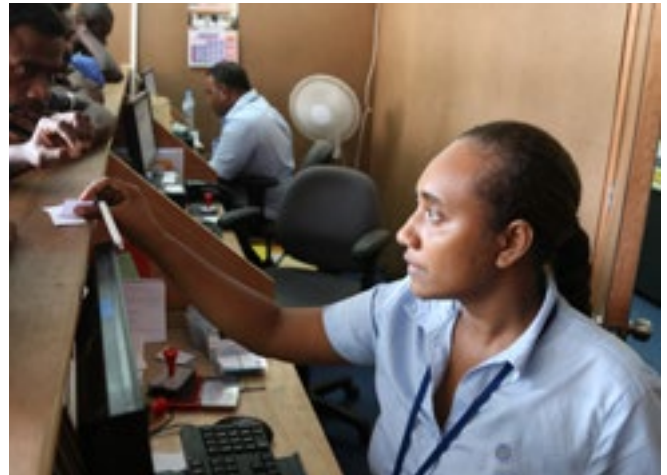
NPF’s Manager Operation, Aluta Kakadi says the Fund’s membership has experienced continuous growth since 2009.

“That’s something we are quite happy with, this growing trend we have seen since 2009. We believe this trend can be enhanced if further investments are made by both the public and private sectors in the domestic economy.”

The growth in membership is also reflected in the growth of members’ contribution savings which are now worth \$1.65 billion compared to \$875 million in 2009.

In analysing the membership Kakadi says males still dominate the Fund’s membership at 70%, while females account for the remaining 30%.

Those in the 31-35 years old bracket make up the majority of membership at over 22,000 followed by members aged



| Year | Total Accumulated Members | Active Members | Non-Active Members | Members' Balance (\$000,000) |
|------|---------------------------|----------------|--------------------|------------------------------|
| 2009 | 141,340 | 35,878 | 105,460 | \$875.0 |
| 2010 | 147,246 | 39,480 | 107,749 | \$985.0 |
| 2011 | 151,974 | 41,245 | 110,729 | \$1,100.0 |
| 2012 | 157,902 | 44,072 | 58,065 | \$1,292.3 |
| 2013 | 166,000 | 50,000 | 60,950 | \$1,650.0 |

36-40 years old numbering 18,000 while there are 16,000 members 46-50 year olds.

“Combined, the three age groups comprise of 63% of members contributions.”

Enforcement and compliance

The total number of registered active employers is 2,139 says NPF’s Senior Enforcement Officer, Stewart Maenuita.

Out of this 64% are paying employees contributions, while 36% need to confirm their operating status.

During the 2013 financial year NPF inspectors made provincial tours and held employers and members awareness in the Western Province, Makira Ulawa, Temotu, Central Islands, Ysabel, and Choiseul.

Maenuita says the total members’ contributions collected during visits to employers in Honiara and provinces was \$7.3 million and surcharges was \$679,950 while 17 employers were recommended for prosecution.

In 2014 NPF’s enforcement unit is planning to carry out further provincial tours as part of the Operations Department’s marketing strategy to create better

working relationship with employers and members in the provinces.

Advice to Employers

- Employers to register with NPF immediately after commencement of operation
- Pay contribution on time to avoid surcharge penalties
- Submit Contribution Schedules with Contribution payments
- Register all employees to avoid employees contributions posted to suspense account
- Advise the Fund if you change address and location
- Submit business email to the Fund for efficient communication
- If you have any questions contact NPF's Enforcement and Compliance Section

Clamping down on unidentified contributions

One of the major challenges facing NPF's Operations Department is the high level of unidentified contributions.

In 2013 the number of unidentified contributions increased by 20% to \$10.4 million from \$8.15 million in 2012.

Unidentified contributions, explains Assistant Manager Operations (Employers) Wilson Hano are payments made by employers but the Fund is unable to identify the proper recipients.

As a result the payments go into a suspense account where NPF will work closely with employers and members themselves to identify who the true recipients should be.

The number one reason for unidentified contributions is that workers are not registered with NPF says Senior Members Accounts Officer, Julie Seni Fafale.

She heads NPF's team responsible for tracking down and resolving unidentified contributions.

"Usually the second reason is that although a worker may be registered, they have given their employers a different name to what they are registered as and haven't included their NPF number."

"Or the employer hasn't got the worker's full details and this is overlooked in the paperwork."

Suspense account

When payments come into the NPF but the recipients cannot be identified, the payments automatically go into the suspense account.

At this point, Seni Fafale and her team will get the list of unidentified contributions which also identifies the employer, and they will start work on tracking down who should be the proper recipients.

The payments will stay in the suspense account until it is



Supervisor Members Accounts Officer Julie Seni Fafale

identified, or for a maximum of five years. After five years the payments are moved to NPF's general reserve where the chances of claiming it back are very small.

"Our work is to work as fast and efficiently as possible to identify the recipients" says Seni Fafale.

"It's a slow process especially when you are dealing with the biggest employer in the country, the Government, with a workforce across nine provinces."

Strategies to tackle unidentified contributions

In addressing the rising numbers of unidentified contributions Hano says they are working closely with employers and members.

"We have taken up a number of measures which we've implemented into our day to day operations to cut down on unidentified contributions," Hano outlined.

These include:

- Stringent checks on employers' payment schedules. "We go through several lines of checking to identify registered workers. It is only after these checks are made that a payment is relegated to the suspense account."
- Daily reminders are sent to employers as soon as the unidentified contributions list is updated. Suspension officers will communicate regularly with employers so that unregistered workers come forward and register.
- Inspectors too will follow up during their site visits on the unidentified contributions list. They can also register workers and come back with information to hand over to the responsible team.
- Newspaper publication of the list – in the past NPF has published the full listing of unidentified contributions in newspapers. Although expensive, it is effective.
- Online publication – the list is also published on the NPF website www.sinpf.org.sb
- Education and awareness is carried out with targeted employers. This is limited as currently there is no public relations or awareness unit within NPF.

Consultations have also been held with big employers such as Government, logging companies and mining companies.

"Right now the majority of unidentified contributions is from Government, we are working closely with the individual ministries to identify workers and to obtain essential information including member account numbers."

Last year a seminar was held in Honiara for logging companies to understand NPF's requirements.

At the heart of the matter says Hano is that employers are not fully aware of NPF's requirements when handing in payment.

"We need certain information when they do their payment schedules such as worker's name and account number."

"Without these it becomes very difficult to identify the right recipients.

"We are making progress on this ground but it is happening very slowly."

Members to step up

"It is the members who are the victims of this situation because if your contribution is sitting in the suspense account, you do not earn any interest," reminds Hano.

"Therefore it's really up to you the member to keep up to date with your registration details and contribution payments made by your employer."

Advice to Members

- Once or twice a year visit NPF customer care centre to check on your statement and to verify if all your contributions have been paid. If outside of Honiara you can call or write to the NPF accounts team.
- If you change employment ensure that your new employer has your correct NPF account number and name. Do not change names with different employers. Use the same spelling.
- Women who are married and are no longer using their maiden name need to update the change in name with NPF. Ensure your employer has your account number.

\$87 million paid in withdrawals in 2013

For the vast majority of NPF members, one of the most eagerly anticipated days is the withdrawal of contribution savings.

After a lifetime of contributions a members' NPF savings provides a vital means for life after formal employment be it for investment in business activities, school fees for children's education, the building of a home or the purchase of property.

In fact this is the reason behind the creation of the NPF when parliamentarian Anthony Saru proposed the inception of a national superannuation fund in 1973.

His speech for the second reading of the Act identified the primary objective of the scheme as providing workers with lump sums on retirement to help them resettle.

Today, some 38 years after NPF started operations, the Fund continues to provide the means for this essential social service.

During the 2013 financial year, \$87.4 million was paid out as withdrawals to 2800 members. This marks an increase in payment from \$71.4 million from the previous year.

The value of withdrawals has been



Supervisor Customer Service Victoria Andersen rising steadily in recent years as more and more members reach retirement age.

Out of the total withdrawals paid out during the 2013 financial year, 60% were paid to members who had reached the retirement age of 50 years old or more, 12% were paid to members who were migrating (mostly expatriate workers), 8% were paid to members who were made redundant, 5% to the nominees of members who had died, 5% to those who had reached 40 years old and had taken on early retirement from formal employment and 4% were for those who were medically incapable to be re-employed.

For those reaching retirement - NPF's Supervisor Customer Services, Victoria Andersen says it's a happy day for members to withdraw their savings but also one where members need to put a lot of thought and

planning into.

"We are talking about large sums of money so its important that members have something they can invest their money in.

"Think very carefully before you spend it."

While the number of withdrawals is on the rise, Andersen says members are also thinking about the timing of their withdrawal applications.

"One thing we are noticing is that members are now more strategic in how they deal with their withdrawals."

"We see peaks in withdrawal applications around the end of the NPF financial year - this is usually associated with interest announcements by the Fund and the start of the school year."

She says it is evident that members are choosing to invest in education for their children.

While migration accounts for the second biggest payout (usually for expat workers) redundancy is the second major withdrawals for local workers.

This usually occurs when companies shut down or right size their workforce.

"For redundancies members who have less than \$10,000 in contributions can access their full savings. But for those with more than

\$10,000 - they can access 1/3 of their savings right now and 2/3 in 12 months time but only if they are not re-employed by then."

The idea she says is to provide funds to help workers in between finding jobs.

Duration

For those applying for withdrawal, this will take around 14 working days to process with NPF carrying out checks on documentation.

"In cases where it takes longer than 14 days this is because there is information that needs to verified or contributions not yet fully accounted for that needs to be calculated. "

"So its important that members always update their NPF information - especially when it comes to withdrawals."

Withdrawal grounds

Members can qualify for withdrawals on the following grounds:

- They are 50 years old or above
- When deceased
 - nominees can claim contribution
 - if no nominee, family members can claim contribution
- Medically incapable of working
- Migrating
- Redundancy
- Early retirement - 40yrs



Operation Department's senior management team.

Plan and invest your savings

NPF member Tommy Aluta shares his story.



Tommy Aluta

For NPF members the age of 50 marks a special milestone in their membership. It is at the age of 50 where members by law, have the right to withdraw their savings.

While this is a time of celebration NPF members are also being cautioned to plan on how they will spend and most importantly invest their savings.

For Tommy Aluta, he reached that milestone seven years ago where after 30 years of working for Solomon Airlines, he was able to withdraw his savings.

Seven years on and Aluta is today still working for the national airline but his life has changed thanks to the wise investment decisions made for his NPF savings.

"You only get to spend your savings once so you have to plan and decide carefully," he says.

Once the opportunity came to access his savings came up Aluta grabbed it with gusto.

The first thing he did with his withdrawal was to pay off his family home in White River. He said this was priority as it was under a loan from NPF.

Today, the two bedroom house is under rent and provides a secondary income stream for Aluta and his family.

"I see many Solomon Islanders investing in vehicles but really its property or land that should be priority, as a value investment."

His second purchase, using his NPF savings, was a 1.09 hectare piece of land in Lunga, in the line of sight of his office desk at the airline's Henderson office.

"I bought the land from Levers and was able to build a small house on it. It has a big area. We have planted teak trees while the rest of the area is available for farmland.

"I have keeping the house looking after the land for our family."

With members' NPF savings a means to support members in their life beyond formal employment, Aluta says members should seriously consider investing in business.

For Aluta, he also used his NPF to invest in a business venture with his sons. This led to the setting up of Drimsid Supplies Limited – a photocopier and printry service.

"I even flew overseas to buy the equipment and brought it back using my NPF contribution."

The four-man operation and family business has been going from strength to strength and provides employment for Aluta's sons and livelihood for their family.

"The success of this business has

seen my sons going on to purchase their own property with their earnings from the company."

The only luxury purchased with his NPF says Aluta was a family car. But even this had a business element to it as it was used as a taxi.

"We ran it as a taxi service until it was involved in car accident and was written off. So that investment didn't go according to plan but I'm glad to say the others paid off very well."

Seven years on and Aluta says he has had no regrets about his choice of investments.

For those ready to withdraw their savings, Aluta cannot stress enough the importance of good planning.

"The success of what you do comes down to good planning."

He says members should not be frightened or get over excited by the amount of money they receive when they withdraw their savings.

"If you know you will be eligible for NPF, take the time to sit down and plan out what you will do with that money."

On the same note he points out that he opted not to let the money sit.

"I didn't want my savings to dwindle away, so I planned what I wanted and went ahead and invested it."



DRIMSID manager Tommy Aluta Junior producing parking tickets for civil aviation.

Choose nominees NPF members told

NPF is encouraging all members to be responsible and fill in their nomination forms to avoid unnecessary hardship and stress for family members.

NPF Supervisor Members Services, Kensmith Lasi says the nomination forms provide an important opportunity for members to select the beneficiaries of their contribution, should they pass away.

While NPF's membership has now reached 50,000 active members, the amount of members who have filled in their nomination forms is still relatively low.

"Contemplating death is understandably something that most people do not want to consider but it's important that they think about it for the future security of their children and families."

Otherwise family members will have to file a claim for the deceased member's contribution.

This can be both time consuming and

contentious says Lasi.

"We have seen families arguing over who should access contributions and we've even had a number of cases that have ended up in court."

To avoid this situation, he says members should fill in their nomination forms.

"We feel it is only proper that the member decide – through the nominations – on who should benefit from his or her contribution."

"Not only does this cut down on the paper work for NPF but more importantly it prevents disputes amongst family members."

The nomination form provides members with a choice of up to four beneficiaries to choose from.

"Unfortunately, should there be more children or beneficiaries – they can't be included. What the members can do is pick representatives who can distribute on behalf of others not

listed."

Other things to take into account while nominating

- A member will need to fill in a new nomination form upon marriage. All prior nominations will be null and void upon marriage.
- A new nomination form will need to be filled in, if a member wants to increase the number of nominees
- If members choose not to nominate – they need to indicate this on their records
- if a nominee is below the age of 18, the payment will go into a trust account until the recipient is 18
- Nomination forms can be picked up at any NPF branch or upon request
- For more information visit the NPF customer care centre



Staff profile: Maevalyn Sitai

Assistant Manager Human Resources & Corporate Services

Team work and helping others succeed in their jobs is what keeps NPF's Assistant Manager Human Resources & Corporate Services, Maevalyn Sitai, satisfied and interested in her job.

Sitai is one of the veteran's of the Fund having joined NPF in 1981. She has been part of the funds expansion to its current role as one of the major organisations in the country.

As the Assistant Manager Human Resources & Corporate Services, Sitai oversees four of the Department's section – human resources, archiving, clinic and corporate.

It's a challenging role but one that she has come to love and enjoy.

"As an assistant manager the best part of the job is seeing the staff satisfied and enjoying their work.

"I get my satisfaction from seeing the staff grow and develop themselves.

"On the downside, she laughs, I get sleepless nights when staff are

unsettled or unhappy."

Today her role centres on assisting the Manager HRCS Alfred Sare and the Department's senior staff.

Its a role that draws on her long experience with NPF.

"When I joined NPF had only 12 staff. As the fund has grown so has the functions and roles of the staff as the Fund's operation has become more complex. Its a challenge to keep up with the changes and the new technology but its a challenge the whole organisation has embraced."

Team work says Sitai is one of the key components of her daily work and one aspect of work she enjoys the most.

"I have the best team out of all the departments," she proclaims proudly.

"We work really well together and there is plenty of respect amongst us."

She credits much of NPF's development to the direction being given by the management.

"I really appreciate the approach by the management who are very open and transparent.

"It creates a very friendly atmosphere and an enabling environment for the rest of the staff to achieve our goals."

Even after three decades with NPF, Sitai says she's not tired of working for the Fund.

"I love coming in everyday and knowing that I am helping members through my work."

"Many of those who started work with me have left but I will continue."

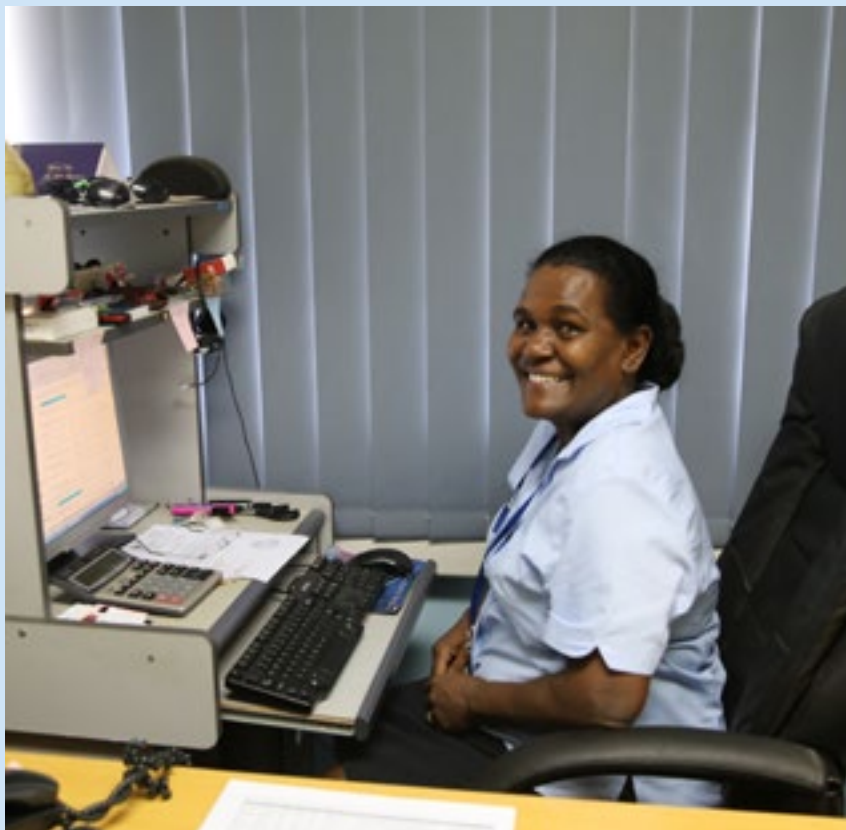
For staff, she says many should not take for granted what NPF as an employer has provided.

"A lot of the benefits we get - such as housing, school children's pickup and staff drop offs - cant be obtained from other employers. We are lucky to get these and we should not forget this."

On the same note she adds that staff should also know that these benefits are not forever.

"Your post stays but we are only temporary. When its time to finish work we have to move on and those benefits will go as well.

"So don't be complacent, while you are working build your own homes. Invest and develop your lives."



Assistant Manager Human Resources & Corporate Services, Maevalyn Sitai