



SINPF 2018 Annual Crediting Rate Speech

By

**The Minister of Finance and Treasury
Department of Treasury and Finance,
SI Government**

Hon. Manasseh Sogavare

29th June, 2018

**FORMAL ANNOUNCEMENT OF THE SINPF 2018 CREDITING RATE
BY HON. MANASEH SOGAVARE,
MINISTER OF FINANCE & TREASURY**

Formal Address:

- Chairman and Members of SINPF Board
- SINPF Executive Management and Staff
- Executive Management of SINPF majority Owned Subsidiary Companies:
- Solomon Telekom Company Ltd
- South Pacific Oil Ltd
- Solomon Islands Home Finance Ltd
- Contributing Members
- Employers
- Media Representatives
- Ladies & Gentlemen

It is a great honor and pleasure for me to be here this morning, on this very important event in the Fund's annual calendar, to announce the crediting rate for members' contribution balances in respect to the Fund's financial year ending today.

Let me start by saying that I am pleased to note the overall financial performance of the Fund during the year is solid notwithstanding the economic challenges faced by both offshore and domestic investment markets during the period. The solid financial performance by the Fund during the period was driven on the back of its domestic investment assets which include: equities such as South Pacific Oil Ltd, Solomon Telekom, Heritage Park Hotel, Soltuna, commercial

loans and government securities. In addition a few positives from the offshore assets which include; PNG Listed Bank South Pacific and Vanguard's US Stock Index Fund.

On the downside however, the Fund has experienced low financial performance generally from its domestic property investments.

In this connection, the Fund has achieved an operating profit of \$227.0 million from \$37.9 million registered in year 2017. Despite the continuing challenging economic environment, this result is a strong improvement on the previous year results that led the Fund to the financial outcomes during this financial year ending 30th June 2018.

In consideration of the Fund's strong performance, I as the Minister responsible accepted the recommendation of the Board at their meeting today, and am pleased to announce the following to the members;

1. A Crediting Rate of 6.5% interest to be credited to members' contribution accounts held with the Fund.
2. The Special Death Benefit (SDB) to be paid to any deceased members will be maintained at \$3,000 as an interim measure until SINPF Act Review tabled and passed by Parliament.

In monetary terms, the crediting rate just announced is equivalent to \$161 million in interest allowing \$75 million to be ploughed back to the General Reserve increasing the balance to \$319 million from \$243 million registered in the last financial year 2017. This amount will be distributed to members with credit balances commencing next week. The interest amounts earned will be credited to members' Contribution Accounts being held and managed by the Fund.

The result of crediting interests will bring the members' total accumulated contribution balance to approximately \$2.9 billion from \$2.4 billion registered in the last financial year ending 30 June 2017.

In making this announcement, I would like to take this opportunity to congratulate and thank Chairman of the Board, Board of Trustees, Executive and Senior Management and Staff of the Fund for the financial outcomes achieved during challenging period. Furthermore, I would also like to accord my acknowledgment to the Board and Management of the subsidiary companies owned by the Fund for their financial support and commitment which led to the strong financial performance of the Fund.

On behalf of the contributing members and employers, I thank you all for your dedication and commitments for delivering the financial results to members. Please do continue with the good work for the benefit of your members and our country's economy.

Let me assure the Board and management of the Fund that my Ministry and the current DCC government will continue to support the intentions of the Fund in its investment endeavors to deliver sustainable growth of members' wealth for retirement. Moreover, the government does recognize the crucial roles the Fund has played in the stabilization of our financial system and the domestic economy.

In closing, it is pleasing to note that the current Fund's investments are meeting members' return requirements at the same time strongly support the growth of our economy in some key sectors ranging from energy, transportation infrastructure, manufacturing, food security, tourism, telecommunications, and housing.

The Government will continue to support the Fund in important strategic viable investments that add value to the growth of the economy, thereby maximize member's wealth after retirement which in turn raises the standard of living in this country. One of this is through its strategic partnership in the Telecommunications sector through the National Undersea Cable Project funded by the Government of Australia. This fiber optic cable is expected to provide effective and efficient communication to our peoples in Solomon Islands and happy to confirm that it is on target and expected to be completed by mid-2019.

The government will continue to support the Fund's proposed investments which are feasible with better rate of returns to members in future.

I am also pleased to announce that I am taking to Parliament in July few minor amendments to the current SINPF Act. These minor but urgent amendments include the following;

1. *An increase in the Special Death Benefit (SDB) Premium* – this allows members to receive sufficient SDB payment which does not cause financial stress for the Fund
2. *Change to the timing of when the yearly interest crediting rate occurs* – to postpone the timing to three months after the year end to allow for audited accounts to inform the decision of interest crediting
3. *Insert a new provision to facilitate the Yousave Scheme* – to incorporate it under the existing legal framework of the SINPF Act
4. *Minor change to increase the cost of NPF Members lost cards* – an update to reflect the true cost of replacement.

Lastly today I am also pleased to note that the upscale of the Yousave project will also be announced.

With those few remarks, may I take this opportunity to thank you all and may God Bless Solomon Islands and National Provident Fund in their future endeavors.

Hon. Manasseh Sogavare
Minister of Finance and Treasury