



**Vision** *Securing and Enhancing our Future*  
**Mission:** *Achieve Sustainable Growth through Real Return and Provision of Quality Services*

**ANNOUNCEMENT OF CREDITING RATE FOR THE FINANCIAL YEAR  
ENDING 30 JUNE 2019: BY SINPF VICE CHAIRPERSON, DR AARON ORITAIMAE: 30  
SEPTEMBER 2019**

***Salutations***

- 1) Minister of Finance & Treasury, Hon Harry Kuma
- 2) Governor Acting, Central Bank of Solomon Islands (CBSI)
- 3) The Permanent Secretary, Ministry of Finance and Treasury, Mr. Mckinnie Dentana
- 4) Colleague SINPF Board Members
- 5) Chairperson and CEO of Solomon Islands Chamber of Commerce and Industry
- 6) General Secretary of Solomon Islands Council of Trade Unions
- 7) Chairpersons and Secretaries of Public and Private Sector Unions
- 8) Chairpersons, CEOs, General Managers, and CFOs of SINPF Board major and minor subsidiaries (South Pacific Oil Ltd, Solomon Telekom Ltd, SolTuna Ltd, Heritage Park Hotel Ltd, Bank South Pacific, Solomon Islands Submarine Cable Company Ltd, and Solomon Housing Ltd)
- 9) Former General Manager/CEO's of the Fund
- 10) Colleague Management team of the Fund
- 11) Ladies and Gentlemen and members of the media

***Change to Date to Declare Crediting Rate.***

Thank you very much for accepting our invitation to this very important event in the Fund's calendar. I am pleased in a short while, will announce the 2019 members crediting rate for the financial year ended 30 June 2019. Today's crediting rate announcement is a historical one as after 42 years, the Board is performing this very important function for the very first time based on audited accounts for the year end.

Prior to today's announcement the Board had been informing our members through the media the amended sections of the SINPF Act by the 10<sup>th</sup> Solomon Islands National Parliament in November 2018. One of the minor changes include an amendment to the timing of the annual crediting rate from 30<sup>th</sup> June to 3 months after the annual accounts are audited but no later than 30 September.

The Change as we will all appreciate has significantly reduced the risks associated with considering an interest rate based on 11 months of the current year unaudited financial data and information.

***Crediting Rate Declaration Consideration***

The Board when considering the 2019 appropriate interest rate took into account the Board's crediting and reserving policies. The crediting policy requires the Board to consider; 1) the investment return after deducting for all board and operational costs of \$302,425,241; 2) the Board's investment objective; 3) the reserving requirement of the Fund; 4) the Fund's code of conduct; 5) distribution of fair values from investment properties and equities, and; 6) the minimum statutory 2.5% crediting rate as specified in section 8 of the NPF Act.

### ***Crediting Rate for 2019 Financial Year***

On behalf of the Board, I am pleased to announce the award of an eight percent (8.5%) crediting rate for members for the 2019 financial year.

The 8.5% interest rate will be applied to all member accounts today adding more than \$225.8 million in interest to all members.

Adjusting for the expected annual inflation rate to 30 June 2019, the 2019 real crediting rate is expected to no less than 7% (the official 30 June 2019 inflation figures are not available yet).

Consistently over the last 6 years members had enjoyed an average real return of 6% per annum on their contributions. Over the same 6 year period a total of \$1.3 billion in interest were credited to member accounts.

### ***Reserving Requirements***

The balance of \$76.6 million after distributing \$225.8 million to members will be retained in the general reserves, increasing the general reserves to \$386,825,788; and lifting total reserves including the asset revaluation reserves to \$487,092,276.

These reserving levels meets and are above the Board's minimum policy thresholds of CBSI 7.5% tier 1 capital ratio and at least 3 years of 2.5% crediting interest guarantee, and also for any foreseeable adverse events.

### ***Special Death Benefit (SDB)***

Another change made to the SINPF Act by the 10<sup>th</sup> National Parliament of Solomon Islands is the amendment of the \$5 Special Death (SDB) Benefit premium to \$30. The \$5 premium in place since the inception of the Fund was assessed to be inadequate for a reasonable level of benefit.

The Board in its deliberations this morning also approved a Special Death Benefit (SDB) of \$6,000 for the current 2020 financial year.

The financial transactions related to the crediting and reserving rate and amounts announced today, as a result of the amendments discuss above will be reflected in the 2020 audited financial statements.

Thank you all for your attention. God bless our Members (employees and employers), the SINPF and Solomon Islands

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*Our Values* Ethical, responsible and professional conduct at all times  
Productivity, teamwork and striving for continuous improvement  
Effective stewardship & leadership  
Passion to deliver results for members