



**OVERVIEW OF THE FUNDS FINANCIAL AND OPERATIONAL PERFORMANCE  
FOR THE 12 MONTHS PERIOD  
ENDING 30 JUNE 2024:  
BY SINPF CEO/GENERAL MANAGER, MIKE WATE:  
30 SEPTEMBER 2024  
12 NOON  
HERITAGE PARK HOTEL LTD**

***Salutations***

The Supervising Prime Minister and Minister of Finance and Treasury, Hon Manasseh Damukana Sogavare

The Permanent Secretary of the Ministry of Finance & Treasury, Mr. Mckinnie Dentana.

The Acting Governor of the Central Bank of Solomon Islands, Mr. Raynold Moveni Deputy Chairman and Members of the SINPF Board.

CEO and Managers of SINPF subsidiaries – South Pacific Oil Limited, Solomon Telekom Company Ltd, Bank South Pacific Limited, Heritage Park Hotel Limited, Solomon Islands Submarine Cable Company Limited, Soltuna Ltd, Solomon Housing Ltd and Solomon Finance Ltd.

Chairman and CEO, Solomon Islands Chamber of Commerce and Industry

Presidents of Key Unions in Solomon Islands

Management team of the Fund

Members of the Media.

The Fund's draft financial performance softened in the year ending 30 June 2024, recording a gross income of \$ 252,225,456. This is down from last financial year audited gross income of \$354,658,863. The reduction was primarily driven by the reduction of our listed and unlisted equity fair value revaluation gains from \$147,340,381 recorded in 2023 to \$35,841,902 recorded in the 2024 financial year.

You may recall that all our traded market listed equity prices and the international currencies they are denominated in, are revalued on their market traded prices on 30 June of each year. For our unlisted domestic equities, unlisted international equities and domestic investment properties, these are also revalued annually by external

international and national independent competent valuers. For our unlisted equities (South Pacific Oil Limited, Solomon Telekom Company Ltd, Heritage Park Hotel Ltd etc. are valued by international accounting firm Deloitte based out of Australia).

After adjusting for operating and member expenses of \$108,804,837, the Fund has an operating surplus of \$143,420,619 that is available for crediting to members today.

## **A: Key Drivers of our 2024 Financial Performance**

We had received dividends worth more than \$114 million from the following; South Pacific Oil Limited (\$60,000,000), Solomon Telekom Company Limited (\$42,821,028), BSP Financial Group Ltd (\$8,352,143), UBS Australian Share Fund (\$2,210,399) and Solomon Islands Submarine Cable Company Ltd (\$842,648). This is a reduction on the previous 2023 financial year level of \$123,181,180 and mainly due to movement in foreign exchange rates and changes to one of our key equity investment company dividend policy.

Our interest income from Solomon Islands Government short and long term debts surged by more than 47% on 2023 level of \$17,551,384 to reach \$25,788,584 in 2024. As an investment asset class Solomon Islands Government debt papers has increasingly contributed strongly to the Fund's income in recent years.

Interest income from our shareholder loans to our national investee companies Solomon Telekom Ltd (\$4,111,9556), Heritage Park Hotel Ltd (\$2,678,621), Soltuna Ltd (\$997,846), Solomon Finance Ltd (\$277,007), and SI Submarine Cable Company Ltd (\$316,895) have also contributed strongly to the Fund's 2024 income performance.

The Fund's recent 2023 loan to our national carrier Solomon Airlines Ltd has started repayments contributing strongly to our 2024 income with an interest income of \$1,251,315.

Our property rental income was basically flat in 2024 at the same level of around \$34 million received from tenants leasing our investment properties. Our 2 key property asset earners are the ASB (\$14,169,510) and the executive apartments (\$8,939,880).

## **B: Formal Membership**

6,644 new formal members were registered during the year, up from the previous year's level of 5,881. This is an increase of just under 13% on 2023 new formal membership. As our economy recovers and continue to grow we expect new employment to continue to expand.

Contributions received from employers and formal members increased to \$381,990,181 in 2024, up from \$378,748,981 recorded in 2023 for an increase of just under 1%.

The Fund's total formal membership with credit balances increased to 152,047, from 147,222 in 2023 for a total contribution value of \$3,735,008,416 up from last year's level of \$3,504,085,490.

Active contributing members increased to 59,871 up by 5.8% on 2023 level of 56,606 members with a total contribution balance of \$3,075,853,939.

## **C: Formal Member Benefit Payments**

A total of 7,554 benefits worth \$342,152,533 were paid out to formal members during the year. This is a reduction both in number and value terms of 7,575 benefits worth \$366,591,244 recorded in the 2023.

The large bulk of the 2024 benefits payments were made to retiring members 50 years and above.

## **D: Employers**

In terms of employers, new employers registered during the year improved to 192 up from the previous year level of 172. This is consistent with the recovery and growth of our economy over the past two years.

## **E: The informal sector – youSave**

6,132 new youSave members were onboarded in the year, up from the previous year level of 4,617 new members. This almost matches the formal sector onboarding of new membership reported earlier above.

As at 30 June 2024 total youSave membership increased to 43,768 members up from 37,645 members in 2023. In 2024 gross savings reached \$88,043,796 and net savings of \$42,948,212 up on previous year levels by 27% and 28% respectively.

Incoming new contributions for the informal sector fell to \$18,514,303 down from

last year's high of \$30,246,811.

9,508 benefits worth \$10,619,938 were paid out to youSave members in the year.

Though the number of benefit payments increased from last year's 8,667, the value of the benefits declined from last year's benefit payment of \$24,036,079.

## **F: The Fund's Liquidity for Member withdrawals and New Investments**

The formal sector net contribution of \$39,837,648 was recorded between incoming contributions and outgoing member withdrawals for the year. The positive net contributions is down from the previous 2023 financial year net contribution of \$42,404,549. Whilst in the informal sector a net contribution of \$7,903,364 was achieved, up from 2023 level of \$6,210,732.

This means that all member benefits for the two sectors are financed from incoming contribution whilst funds from investment activities are used to finance new investments and meet board costs.

The overall cash and cash equivalents settled at \$213,740,866 at the end of the year, up from \$205,736,131 recorded in 2023. These free cash are earmarked for potential new investments that are currently being investigated and assessed for Board and Minister of Finance consideration.

## **G: New Investments**

During the financial year, the Board placed additional \$10m in term deposit as part of its strategy to upscale Solomon Finance Limited to grow its loan book portfolio serving our members.

The Board with guarantee from the SIG, also placed a \$10 million term deposit with the Development Bank of Solomon Islands to support its developmental plans supporting the SME and its clients.

The Board approved and funded Solomon Airlines Limited's new A320 Airbus lease for \$25 million to support our tourism sector and priced the loan at 6.25%.

The Board also approved and invested approximately \$130m in the safe and secured SIG Bonds through a mix of discounted and par bonds with annualized return of 4.95%.

The Board approved deployed new and reallocated part of its international portfolio in various asset class including:

- I. Reallocation of GBP cash into USD term deposit for US\$1.4m taking

advantage of offshore interest rate of 4.95%

- II. Placement of new term deposit of AUD509,000 for 4.40% converted from the Fund's call account
- III. In the PNG market with the excellent performance from BSP Financial Group, the Board approved new investment under the Fund's Fixed Income asset class purchasing PNG Treasury Bills for total of PGK8.077m invested for 364days for a average of 3.78%.

In addition, the Board further approved investment of PGK9.9 million in PNG Government Inscribed Stock (Bonds) at a average coupon rate of 4.60%.

#### **H: The Fund's Asset Value**

The fund's unaudited net asset has increased by 5.5% from 2023 \$3,984,714,971 to settle at \$4,204,122,029 in 2024. This is mainly due to the positive investment performance of the Fund, annual revaluation surplus from property investments and increased investments in government securities.

#### **I: Implementation of existing and approved projects and disposal of assets**

Implementation of the \$116 million DFAT town houses and the executive apartments expansion is in progress with completion expected in March 2025 for the DFAT town houses.

The Board has commenced the implementation of constructing its new 4 level commercial building at its ex-Home Finance property on the Hibiscus Avenue adjacent to the Qoloni building.

Potential new property investments are currently being assessed for approval by the Minister of Finance and Treasury.

#### **J: Outlook**

The Solomon Islands economy has recovered and growing and there is strong commitment from our government to build on and grow our economy further.

In the early half of our 2023/2024 financial year, the Solomon Islands Sovereign Credit Risk Rating has improved and this will have a positive impact on the fair value revaluations of our unlisted domestic equities and other financial reporting standards that use the government rating as one of the reporting basis.

Downside risks in the global and in our national economy remains volatile with the Board's strategic efforts and plans aimed at mitigating their impacts on the Fund's

performance and ability to continue to deliver above inflation crediting rates to its members.

### **K: Acknowledgement**

In closing, on behalf of the Board would like to acknowledge the support and cooperation from the following;

- 1) The Minister, Permanent Secretary and senior officials of the Ministry of Finance and Treasury
- 2) The Governor and senior officials of the Central Bank of Solomon Islands (CBSI)
- 3) The Board and Senior officials of our investee companies (SPOL, STCL, Heritage Park Hotel Limited, Soltuna, Solomon Homes, BSP Financial Group, Loloata Island Resort, Solomon Submarine Cable Company, and Solomon Finance)
- 4) The Auditor General and Senior Members of the OAG
- 5) Our contracted external Auditors Fiji based PWC.
- 6) All employers and their associations
- 7) All employees and their unions
- 8) The IFC of the World Bank and Group
- 9) The UNDCF of the United Nations
- 10) And to all those institutions and organizations' that we have missed in mentioning above.

Thank you so much for your time and your attention.

God Bless SINPF, God Bless Solomon Islands from shore to shore.