

# Nambawan Super Delivering for Members

2021 Annual Report



  
**Nambawan  
Super**  
For Everyone





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# Overview

## 2021 Annual Report

### Introduction

This Nambawan Super 2021 Annual Report has been prepared in accordance with the prudential requirements of the Superannuation (General Provisions) Act of 2000 (SGP Act 2000) as regulated by the Bank of Papua New Guinea (BPNG). This Report aims to present an update on the performance of Nambawan Super, also referred to as the Fund, and its results as at 31 December 2021.

The Report will provide a detailed account of the Fund's Corporate Trustee Nambawan Super Limited (NSL), also referred to as the Trustee, and the Fund's overall performance throughout 2021. This Report will include an outline of NSL's Operating Environment/Context; Governance and Risk structure; People and Culture initiatives; Investment Performance; Members and Employers; and the Financial Statements. The Report will also outline the Fund's history, Vision and Mission, Strategy, Key Achievements and its plans to continue delivering for its members now and into the future.

Previous NSL Annual Reports, including the 2020 Report, can be viewed at:

[www.nambawansuper.com.pg/about-us/annual-reports](http://www.nambawansuper.com.pg/about-us/annual-reports)





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## Delivering for members


The theme, 'delivering for members', is reflective of NSL's efforts to continue providing services and delivering returns for our members despite the tough economic climate brought on by the Coronavirus (Covid-19) Pandemic. It allows us to present case studies, highlight achievements and provide details of our day-to-day operations that have culminated into tangible results delivered for our members.

In 2021, our focus has been on the present, on how we can deliver today to build a better future tomorrow. This permeated all aspects of the Fund from adapting customer facing functions ensuring member well-being and the continuation of services in line with Covid-19 protocols, to managing our investment strategy to accommodate the fluctuating markets and economy.

This theme represents our commitment, as Papua New Guinea's (PNG) biggest and longest serving Authorised Superannuation Fund, to delivering real results for our members now and in the future.





 PNG POWER Ltd

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# Chairman's Statement

Reginald Monagi

## Opening

On behalf of the NSL Board and Management, it is my pleasure to present the 2021 Annual Report. In 2021, the Fund has worked tirelessly to continue delivering results for our members and through these efforts we have delivered the following results:

- Nambawan Super's Net Asset Value now totals K8.82 billion (up from K8.14 billion).
- Net profit for the year 2021 is K526 million.
- 6.5% return for members.
- Total contributions for 2020 were K935 million (an increase from K893 million).
- Total member payouts were K779 million (an increase from K525 million).
- Fund membership is 214,000 members
- The management expense ratio was 1%.

## Our performance

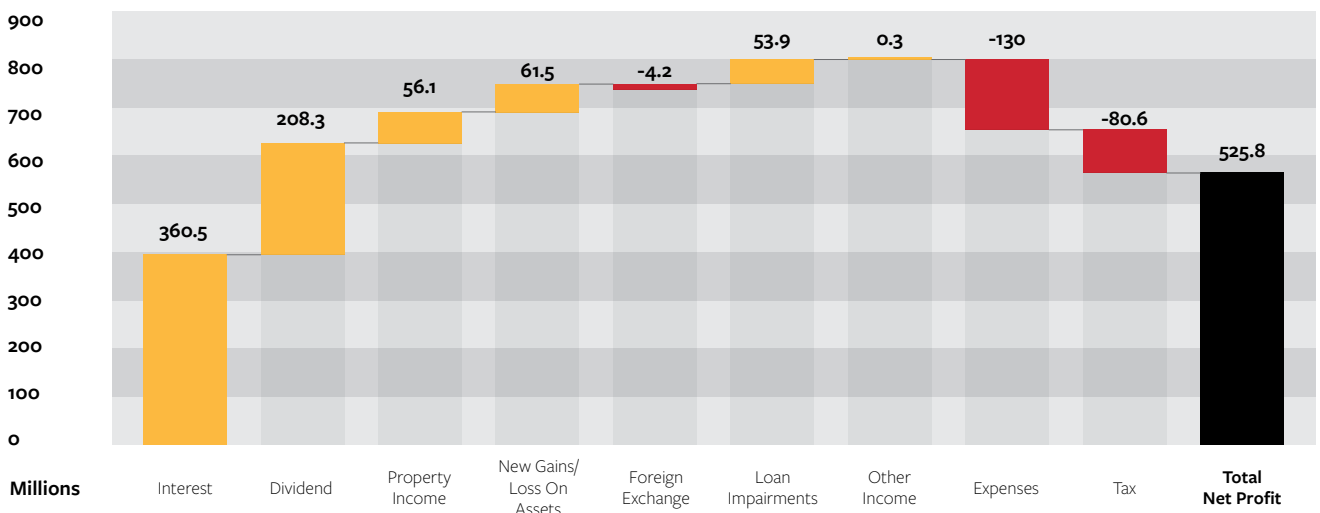
Despite enduring tough local and global economic conditions, the Fund has seen improved performance across all its facets and thus in 2021 NSL has derived a net after-tax profit of K526 million. This result has enabled the Nambawan Super Board to declare an interest crediting rate of 6.5% for the Fund's members.

We are hopeful that this improvement in results is an indicator of economic recovery for Papua New Guinea and other global economies in which the Fund has made investments into. The Covid-19 Pandemic has taken a toll on all businesses throughout the Country and especially on the Superannuation Industry as was evident in the historically low returns for members in 2020. However, we have remained resilient and have continued to deliver returns for our members despite the challenges.

In 2021 this resilience has started to bear fruit as we have begun seeing a rise in profits from the increase in the valuations of the Fund's PNG investments, including several well-known brands, businesses and properties, as they steadily bounce back from the unfavourable economic conditions.

As PNG's most consistent Super Fund, members should be reassured by the fact that the compound average of returns will continue to generate wealth for the benefit of our over 208,000 members when they retire.

## Earnings and Expenses



## Our membership

In 2021, despite the State undertaking a retirement program that resulted in higher than usual exits from the Fund, NSL membership numbers remain stable at just over 214,000 members including Retirement Savings Account (RSA) recipients. Our membership also saw an increase in member contributions of 17% received by the Fund rising from K801 million to K935 million in 2021.

The growth in contributions can be attributed to:

- the State consistently making payments for historical unpaid employer contributions from prior to 2013;
- increased focus on encouraging more Employers to boost Employer Contributions above the legislated 8.4%; and
- recruitment in new sectors that are resulting in stable contributions to the Choice Super Product that makes superannuation services available to all Papua New Guineans.

Another factor for this growth is the proactive approach our members have taken in growing their retirement savings. We have noted an increase in the number of members making Voluntary Contributions rising from 28,600 to 30,391. These members are making an extra effort to maximise the returns earned on their savings and we encourage more members to follow this approach and fully utilise this service.

We are also pleased with the retention of members through the take up of RSA which allows members to keep their savings within the Fund after retirement and collect a periodic payout of these savings while continuing to generate interest. Our Retirement Savings membership in 2021 grew to 5,584 members with a total asset value of K192 million.

In 2021, NSL had actively supported our exiting members in obtaining their savings upon exit with over K778 million in benefits being paid out, including State Share payments. Additionally, the Fund has paid K88 million in Housing Advances to members to aid them purchase or make improvements to their family or future retirement home. These benefit payments and Housing Advances ensure that our members have the best possible opportunity to enjoy retirement without undue financial burdens.

Alongside our primary services, the Fund has also been making a concerted effort to build up our members' basic financial knowledge and capability through the NSL Financial Literacy Training (FLT). The FLT consists of five (5) modules comprising of lessons on managing Personal Finances; NSL Products and Services; Planning for Retirement; Buying a Home; and Skills for Micro Small & Medium Enterprises.

In 2021, NSL delivered the FLT to 394 members from 12 employers in Milne Bay, New Ireland, East New Britain and the National Capital District. This training is a key initiative of the Fund to provide additional support to our members as part of our commitment to ensuring they can make the most of their savings after retirement.

## Our Board

In February 2021, the NSL Board of Directors welcomed Dame Meg Taylor and appointed her as the Deputy Chairwoman, replacing former Deputy Chair Ms Lesieli Taviri. Dame Taylor is experienced in corporate governance and regulatory matters having served on various boards in Papua New Guinea and Australia, which she has successfully used to provide substantial value to the NSL Board's functions.

We also farewelled Dr. Albert Mellam and former NSL Chairman Mr. Anthony Smarè in August 2021, as both Directors completed their maximum tenure of nine-years. Dr. Mellam and Mr. Smarè had joined the Board in 2012 and had been instrumental in the growth and success of the Fund through their various Board roles and committee involvement during their tenures.

On behalf of the Board, NSL management and staff, I would like to extend my thanks to both Dr. Mellam and Mr. Smarè for their excellent service to the members of Nambawan Super and for their roles in the Fund's transformation over the last seven-years. Their expertise, knowledge and work ethic has been a pivotal corner stone in the development of the Fund into the industry leader that it is today.

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## Our future

NSL remains cautiously optimistic for the future and in particular for the productivity of our investments which are key to generating the returns delivered to our members.

Over the last three years, the world had experienced one of the greatest crisis of the last century brought on by the Covid-19 Pandemic, in which many Countries, their economies and more importantly their people struggled against economic collapse; PNG was no exception. The impact of the Pandemic was felt in all facets of the Country's operations and had placed especially difficult challenges on the Superannuation industry which inevitably led to low crediting rates for members in 2020.

However, with this year's improved yield from investments, we are optimistic that the economy is in a much better position to rebound and stabilise over the coming years. This would then enable NSL to continue delivering for members through maximising returns and overall growth of the Fund's revenue generating assets.

Regardless of the state of the economy, the Fund will continue to deliver on our primary goal of growing our member's retirement savings whilst also using our position as an industry leader to influence Policy changes for the benefit of all Papua New Guineans.

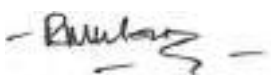
We intend to continue advocating for Policy reforms that encourage the introduction and adoption of nationwide affordable housing schemes as this has been a growing issue for members in recent years. We have found that often, even with the Housing Advance we provide to eligible members, most still struggle to find suitable housing at an affordable price, hence the need for reforms in this space.

The Fund is also a key supporter of reforms to tax on superannuation as well as the repealing of harmful levies that inversely affect the growth of retirement savings of hard-working and already highly taxed everyday Papua New Guineans. In 2021, we submitted several recommendations to the Super and Life Insurance Review to help shape future reforms to tax on superannuation, and conducted discussions with the State and Department of Treasury to repeal the new Dominant Player Levy. We look forward to continuing discussions with the State and relevant agencies to push for reforms on behalf of our members in 2022.

In closing, as the biggest and longest serving PNG Super Fund we have developed a strong relationship with all our hard-working members and we are committed to building on this relationship to deliver results that will benefit them, their families and the Country. We aim to continue doing this by growing and protecting the retirement savings of all our members and supporting the education of more members to better understand and utilise the full value of their superannuation.

I encourage all members to continue prioritising your savings and developing your financial management skills to place yourselves in a position where you are financially independent and can also lead your communities to deliver better futures.

On behalf of the Board, Management, and staff of Nambawan Super, I thank all our Members and stakeholders for your continued support.



### **Reginald Monagi**

Chairman of the Board





# CEO's Statement

Paul Sayer

## Opening

Alongside our Chair of Nambawan Super, Reginald Monagi, it is my pleasure to present the NSL 2021 Annual Report.

This year, the Fund's focus has been on delivering for our members despite the continuing tough economic climate and we are happy to present our 2021 results which are a testament to the resilience of the Fund against adversity.

## Our performance

In 2021, the Fund had produced a record net profit of K526 million, which resulted in the declaration of a 6.5% interest rate for our members. We understand that many members were dissatisfied by the 2020 result, however, it is important to note that superannuation is a long-term investment and the improved 2021 results are evidence of this.

Interest rates are almost entirely dependent on market performance and stable economic conditions which dictate whether or not the interest given to members is high, low or even a negative. In fact, the Fund operates an investment portfolio with the risk of a negative return in 4 out of 20 years. Fortunately, Nambawan Super has remained the most consistent Fund in delivering results for our members with over 20 years of positive returns and growth of member savings.

Despite experiencing the worst global economic downturn of the last 100 years, NSL is proud to have continued delivering for members especially in ensuring our members are receiving their well-earned benefits upon retirement. As our primary mandate, we are committed to protecting the savings of our members and members should feel assured that their retirement funds are safe and will be readily available when they eventually decide to retire or exit the Fund.

The Fund has been making a concerted effort to minimise management expenses to ensure maximum returns for our members. Management expenses have always required a delicate approach so as to ensure a balance between optimal operational performance and the best possible returns for members. The Fund's efforts in 2021 have resulted in NSL maintaining a low management expense ratio of 1%.

Another positive result in 2021 is the consistent increase in member contributions. We are always pleased to see a rise in member contributions as it is a key indicator of a growing economy and it shows that more Papua New Guineans are understanding the value of and prioritising saving for a better future.

We are pleased with the performance of the Fund in 2021 and we encourage members to remain vigilant in their efforts to save for retirement. These tough economic conditions will eventually pass and members' savings will continue to grow over the long-term, as we continue to work tirelessly to deliver returns and ensure a better future for our members.

## Our Highlights

### Operations

NSL has imposed several proactive safety measures in response to the Covid-19 Pandemic to ensure services remained accessible to all members whilst also prioritising the health and well-being of our members and staff. These new measures have enabled NSL to better align our operations with the Niupela Pasin protocols and has been crucial in maintaining the efficiency of our operations throughout this stage of the Pandemic.

### Member services

In September 2021, we continued to expand our services to members by opening a new Branch in Maprik, East Sepik Province. The Branch opening was in response to feedback from our members over the increasing costs of travel to their nearest Branch. This was a milestone of our ongoing initiatives as part of our strategy to bring our services closer to the members' doorsteps to help alleviate the problems they face when attempting to access our services.

### Investments

The Fund's investment portfolio had also enjoyed improved positive returns which are evident in the higher interest rate in 2021 compared to 2020. These positive returns can be attributed to the interest and dividend income earned from our PNG Listed Equities, PNG Unlisted Equities and international investments. These returns were realised through improvements in both the Fund's cash earnings and increases in valuations of properties and businesses.

## Building better futures in 2022

In 2022, Nambawan Super will celebrate our 60th Anniversary of building better futures for our members throughout PNG. Despite the challenging times brought on by the Covid-19 Pandemic, we aim to continue building better futures by helping our members grow their savings in 2022 and for many more years to come.

We aim to keep managing the Fund to maximise returns for members while also looking to evolve our approach to investments, member services and policy reforms to improve efficiency and growth during and beyond the Pandemic.

NSL is continuing to evolve its investment approach with a focus on increasing the diversity of our portfolio. This includes seeking out more investment opportunities locally and internationally, with increased cash flows to better suit the needs of our members.

An excellent example of key investments coming to fruition is the Rangeview Plaza and the Rangeview Estate which are expected to open for business mid-2022. The exciting new shopping plaza and residential complex, worth over K290 million, is expected to be projected to generate good long-term returns. We expect that Rangeview will also increase competition in the retail and residential markets, and create jobs for many hard-working Papua New Guineans which would stimulate further economic growth for the Country.

NSL is also working to maintain a high level of customer service for our members and we hope to do this through the upskilling of our staff, delivering more superannuation awareness, and continuing the rollout of the NSL Financial Literacy Training to better enable our members to take advantage of our superannuation products and services for a better retirement outcome.

We are focused on ensuring that these services are accessible to our members around the Country and as such we will be conducting upgrades to the Nambawan Super website as well as for our branches in Daru, Kiunga, Wabag, Buka and Arawa.

Another key goal of NSL for the future is to encourage more members to take up use of the digital services provided through the Nambawan Super Member App and the soon to be upgraded Online Portal. This will lead to improved processing times and reduce the need for face-to-face interactions which can put members and staff at risk of contracting Covid-19.

In closing, Nambawan Super is a Fund dedicated to delivering for our members with their best interest always at the top of our priorities. We are continuing to improve our services and performance through utilising technology, innovations and skilled staff for the benefit of all our members and stakeholders.

On behalf of all our Members, I would also like to extend my gratitude to our Board's Chairman and Directors, Members of our Committees, our Investment Manager and Fund Administrator, our service providers, and our hardworking staff for their efforts in making sure our Members' best interests are served.



**Paul Sayer**

Chief Executive Officer

# Fund snapshot year in review

**K526 million**

Record net profit



**K8.82 billion**

Net asset value

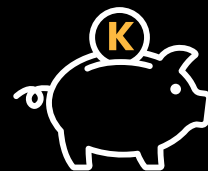
**6.5%**

Credited to member accounts



**K37 million**

Saved voluntarily



**214,000**

Fund members



**5,584**

Retirement Savings Account (RSA) members





**K779 million**

In benefit payments made to members



**19,194**

Choice Super members



**K935 million**

Contributions received



**1%**

Management Expense ratio



**4,663**

Members received Housing Advance



**48%**

Male



**52%**

Female

Gender balanced workforce

**30,391**

Members making voluntary contributions



# Who we are

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## Our story

Nambawan Super, as with many valued home-grown PNG brands, began its journey from quite humble beginnings as a small pension scheme serving officers of the Public Service in 1962. Being a fund created by the people of PNG for the people of PNG, Nambawan Super has inherited much of the great culture and values that make our Country truly unique. These are the very same values that have made Nambawan Super into PNG's largest and most consistent superannuation fund.

In PNG, being a Country founded on the culture of subsistence farming, our people are accustomed to the notion that investing in their garden today will bear them a good harvest tomorrow. This is precisely the practice that superannuation is founded on and Nambawan Super capitalises on this tradition encouraging members to invest in their superannuation savings today so they can enjoy a better retirement tomorrow.

Nambawan Super is staffed and managed by fellow contributors of the Fund and as such we share a familial bond with our members, we identify as being from the same tribe as our members. Just as it is in our PNG culture, the tribe always takes care of its members and works collectively towards goals that are beneficial for all. The Fund has taken this value to heart operating as a profit-to-members fund, ensuring that we always have the best interests of our members at the forefront of all we do.

As a member of the larger PNG tribe, we do our part by protecting and growing the wealth of our hard-working members so that they can have confidence in their future while also contributing through their work in the hotels and hire car companies; fishing, cocoa, coffee and copra industries; private businesses; and in the public service as teachers, nurses, and police officers.

Nambawan Super is proud to have been part of our members lives for the last 59 years and we are happy to have helped enrich the lives of thousands of hard-working Papua New Guineans during this time. We look forward to continue growing our tribe and helping to build PNG into a prosperous Nation now and long into the future.

**“Nambawn Super em bilong yumi olgeta”**

**“Nambawan Super For Everyone”**





Safer Stay Safe

Thinking and acting ahead

KAK

Gill

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## Our Vision

To be recognised as PNG's Superannuation provider of choice with members at the heart of everything we do.

## Our Purpose

We help members achieve their best retirement outcomes..

## Our Values

### Service Excellence

Our members are at the centre of everything we do. We are respectful and responsive to our members and other staff to deliver high-quality outcomes.

### Collaboration

We support each other and work together as one team to the benefit of our members.

### Openness

We are open to new ideas and transparent in how we operate and communicate with our members.

### Trust

We all trust and respect each other to do the right thing and be accountable for our actions and outcomes.

### Innovation

We create a safe environment to think outside the square and challenge ourselves to continually improve. We focus on improving ourselves, our relationships, our services to members, and our operations.





KHAM  
ROESBY

PILOT

PILO MARINE

# Context of the Fund

## Our operating environment

### Regulatory

Nambawan Super is an Authorised Superannuation Fund (ASF) operating as an accumulation fund regulated by BPNG in line with its Prudential Standards and approved under the SGP Act 2000. The Fund is a profit-to-members institution that is governed by the NSL Independent Board of Trustee Directors and managed by NSL as the Trustee, with the mandate of generating wealth for its members for use after their retirement.

As stipulated in the SGP Act 2000, the Trustee engages a Licensed Investment Manager (LIM) to provide advice when formulating or amending the Investment Objectives and Investment Strategy of the Fund. The Trustee also operates with the support of an external Fund Administrator that provides administration services for the Fund. These regulations ensure that the Trustee manages the Fund in alignment with the Prudential Standards of the SGP Act 2000 as well as to implement good governance practices that safeguard members' savings adhering to the corresponding legislations.

In 2021, the Bank of PNG had embarked on reviewing the Superannuation and Life Insurance Acts (and Terms of References) through the approved Superannuation funds task force team. This review could potentially see changes being made to the various legislations and regulations surrounding the Industry, especially around taxation. NSL has provided recommendations to the review and will continue to advocate for much needed reforms in the superannuation space to ensure members savings remain protected and can grow without undue restrictions.

### Economic

The economic outlook of 2021 is perceived as a recovery phase from the adverse impacts of the Covid-19 Pandemic in 2020. Real gross domestic product (GDP) is projected at K93.1 billion or US\$26 billion in 2021 compared to 2020 GDP which was K81.6 billion or US\$23.59 b. Real GDP growth is at 1.7%, which is 2% lower than the 2021 Budget estimate of 3.5%. Annual headline inflation averaged 5.1% over the last 5 years but slowed down to 4.6% in September 2021, according to National Statistics Office.

In the recently passed 2022 National Budget, revenue envelope for 2021 is estimated at K13,674.50 million against an expenditure of K20,287.30 million. Resulting in a Budget deficit of K6,612.80 million and continuing the persistent record of budget deficits with a debt/GDP ratio of 50.3%. Nevertheless, a shift towards positive growth is seen through the rebound in most sectors from the back-drop of the overall impacts of Covid-19 in 2020.

The PNG economy is primarily driven by labour-intensive agriculture, commercial fishing and extraction of raw minerals such as oil, gas, gold, nickel, copper and silver. The Mining Sector in PNG accounts for the largest portion of the GDP, followed by agriculture, forestry and fishing.

The Mining and Quarrying Sector still experienced contractions as they adjusted to Covid-19 regulations. However, The Sector is projected to grow by 35.8% reflected by the resumption of the Porgera mine in the second quarter of 2022, and ceasing of operating disruptions to Ok Tedi and Simberi mines. Agriculture, Forestry and Fisheries are also projecting positive growth with the recovery of production in oil palm, coffee, cocoa and copra.

Though foreign currency and skills shortages remain a constraint on improved growth of the business environment, the State has outlined key policies to stimulate economic growth for the next 10 years.

The 2022 National Budget outlines extensive fiscal strategies aimed at continuing support towards economic recovery from the Covid-19 Pandemic, continued focus on strengthening the revenue base, improving the quality of expenditure and obtaining cheap responsible financing within prudent risk levels, lowering loan interest costs and moving to reductions in the debt to GDP ratio.

The economy is expected to grow strongly at 5.4% in 2022, driven by the recovery across most sectors. In 2022, the State intends to implement several new taxes and reforms such as the Banking and Telecommunication levies, and State Owned Enterprise reforms including the revised dividend policy, that aim to raise revenue. The State hopes that these actions will aid the ongoing recovery of business conditions and improvement of commodity prices in the global market.

The State also initiated a retirement program for public servants aged 65 years and above. The program commenced in 2020 and will continue in 2022/2023. Significant savings are expected from the retirement program in the medium to long term. The State has set a Budget that displays an optimistic outlook for the long-term and should be able to achieve it through prudent management. The increase in the expenditure and deficit is mainly driven by election costs, medical drugs, interest costs and the slight increase in constitutionally guaranteed grants for provinces. These increases are needed to ensure the election is sufficiently funded and important programs affecting PNG's populace are protected as well as to ensure that investments are increased to stimulate growth.

We expect the following impact on NSL's business in the near term given the above operating environment.

- Retirement program would continue to impact membership growth and a reduction to Funds Under Management as high valued members exit the fund.
- Banking levy will impact BSP dividend payments which affects NSL as one of the major shareholders in BSP. This will have a flow on impact on future credit ratings to members.
- The 2022 General Elections may disrupt Public Service personnel employment retention and recruitment which could affect the flow of steady contributions.

#### Strategic

The Fund has embarked on its 5-year Strategic Plan for 2021-2025 with member centricity and innovation as the primary focal points. The Fund has commenced the various key initiatives of its Strategic Plan in 2021 and aims to continue implementing these initiatives in 2022 to deliver the best possible service and returns for its members in the mid to long-term.

The Fund's focus for the next 5-years is centred around the five Strategic Pillars:

- Strategic Investment and Funds management.
- High-Quality Integrated member experience.
- A highly developed People and Culture, equipped to deliver the Nambawan Vision.
- Foster Innovation.
- Regulatory compliance and Improvement.

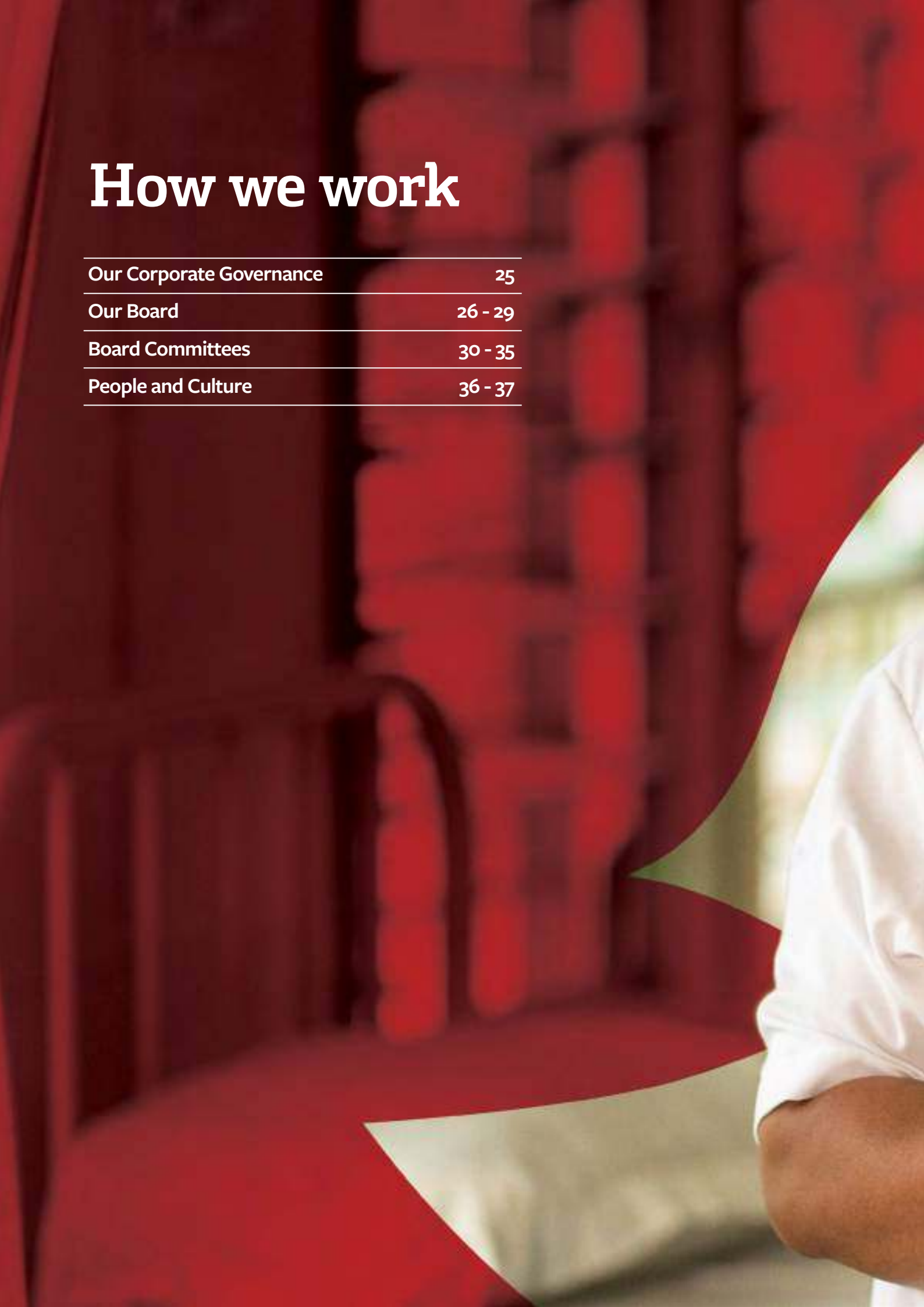
NSL has commenced work on further improving the quality of member experience with the addition of a new NSL branch in 2021 and the revitalisation of several branches which are set to be completed in 2022. Several NSL staff have also undergone customer experience upskilling to ensure the best possible service is delivered to members through or new and revitalised branches.

Member engagements in 2021 have unfortunately been impacted by Covid-19, however NSL continues to explore innovative ways to though digital solutions to fully engage with its members. Despite being hit with the second wave of Covid-19 the Fund managed to perform well with its adaptive investment and operational strategies coupled with the recent rebound of the global financial markets. NSL is committed to providing quality service and the best possible outcome for its members and continues to invest in its staff, technology and process improvement programs to achieve this in line with the 5-year Strategic Plan.



# How we work

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Sr. Gaugara Phyllis  
Midwife





 PNG POWER Ltd

safety

Bisley

# Corporate Governance

Nambawan Super is entrusted with the savings of everyday, hardworking Papua New Guineans. Superannuation savings are often the only savings our members have. After a lifetime of work and for many members, superannuation is an incredibly important asset that, is helping members retire and live with dignity for many years.

Prior to the introduction of the Superannuation (General Provisions) Act in 2000, PNG superannuation funds had been unable to establish consistent, strong growth of Funds Under Management for members.

The SGP Act 2000, introduced crucial reforms to governance, investment decision-making, sustainability and good regulation.

A key to making the superannuation funds sustainable has been the compulsory payment of employer contributions to members' accounts. This pool of funds needs to be deployed, and this home-grown pool of investment capital is helping build the nation while making returns for members.

Good governance ensures, as a profit-to-members' fund, Nambawan Super delivers real returns for members over the long-term – and we have the good fortune of also investing directly into building PNG.

## Board principles and structure

Nambawan Super Limited (“the Fund”) is a defined contribution fund (accumulation fund), approved under the SGP Act 2000. The Fund is governed by the Board of Directors of Nambawan Super Limited, the Fund’s Corporate Trustee (“the Trustee”). The Fund exists to invest amounts contributed by or on behalf of members for their retirement. It has no purpose other than to serve the interests of its members.

The Trustee’s primary responsibility is to ensure that the Fund is managed according to the Principles of Good Corporate Governance. To achieve this objective, the Board implements five key Corporate Governance Principles across its operations. These Corporate Governance Principles are:

1. Compliance with the Law
2. Effective Leadership
3. Integrity
4. Accountability
5. Risk Management

Nambawan Super Limited is an Authorised Superannuation Fund (ASF), monitored and regulated by the Bank of Papua New Guinea (BPNG) and is subjected to the Prudential Standards released by BPNG from time to time.

The BPNG Superannuation Prudential Standard 7/2012 on Corporate Governance sets out specific requirements for the Board Structure and Responsibilities, including Investment, Risk Management and Remuneration of License Holders and its Officers, to ensure that License Holders are prudently managed and that reasoned, informed and impartial decisions are made, in the best interest of its members.

1  
Chairperson

8  
Trustee  
Directors

8  
Member  
Representatives

5  
Board  
Committees

7  
Board  
Meetings  
in 2021

41  
Committee  
Meetings  
in 2021

# Our Board

The Nambawan Super Ltd Board comprises of all Independent and Non-Executive Directors. The majority of Directors are resident in PNG with two international Directors who provide specialist expertise in investment and superannuation.

The Nambawan Super Ltd Board adopts an independent process for any new Director required to fill vacancies aligned to its succession plan and requisite skill set assessment.



### Chairman - Reginald Monagi

Reginald Monagi has been a Director since September 2014 and Board Chairman since June 2020. He has extensive private sector experience having previously worked with Moni Plus, South Pacific Brewery Limited, Goodman Fielders International PNG, Colgate Palmolive (PNG), British American Tobacco (PNG) Limited, Fairdeal Liquors (PNG) Ltd, and Shell (PNG) Ltd. He currently serves on the Board of Paradise Foods.

Mr Monagi holds a Bachelor of Arts Degree (Psychology) from the University of Papua New Guinea, a Master of Business Administration, and a Diploma of Company Directors Course (Corporate Governance), from the University of Queensland. He is a graduate member of the Australian Institute of Company Directors and has completed the International Directors Program. He is a founding member of the PNG Institute of Directors.



### Deputy Chair - Dame Meg Taylor

Dame Taylor has been a Director since February 2021 and was appointed as the Deputy Chairperson in July 2021. She is admitted to the bar and has practiced law in Papua New Guinea, and is admitted to practice law in the Australian Capital Territory. She is experienced in corporate governance and regulatory matters having served on various boards in Papua New Guinea and Australia.

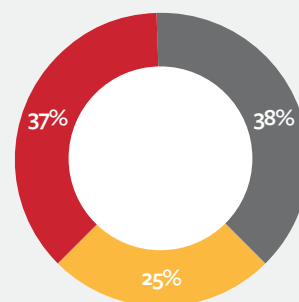
Dame Taylor was the first woman to become the Secretary-General for the Pacific Islands Forum and before that was the Vice President, Compliance Advisor Ombudsman for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), World Bank Group. She represented Papua New Guinea as Ambassador to the United States and accredited to Mexico and Canada. She holds a Master of Law from Harvard University, USA, and a Bachelor of Law from Melbourne University.

## Board changes in 2021

The Board welcomed Dame Meg Taylor in February 2021 and also farewelled Directors Anthony Smaré and Prof. Albert Mellam, two of its long serving Directors in August 2021.

The Board also farewelled the Late Mr Robert Kutapai, a Membership Representative who passed on in February 2021

## Board Tenure



0 - <4 years

4 - <7 years

7 - 9 years

If you would like to know more about our Board

Visit [nambawansuper.com.pg/about-us/our-board/](https://nambawansuper.com.pg/about-us/our-board/)



### **Anthony Smaré**

Anthony Smaré was a Director since August 2012 and Chair of the Board of Nambawan Super from August 2014 to May 2020. He ended his tenure on the Board on 25 August 2021. Mr Smaré has a Bachelor of Law and Bachelor of Applied Science (Geology) from the Queensland University of Technology. He has studied leadership at Harvard, Oxford, and Princeton University, and is a graduate member of the Australian Institute of Company Directors.

He is a former partner of Allens Arthur Robinson lawyers specialising in mergers and acquisitions, corporate finance, and natural resources law, practicing in Papua New Guinea and Australia. Mr Smaré is Chairman of the Board of Paradise Foods Limited and Kumul Foundation Inc and founder of the Kumul GameChangers Entrepreneurship Initiative. In 2014, the World Economic Forum appointed Mr Smaré a member of its Forum of Young Global Leaders for a term of 6 years.



### **Dr. Albert Mellam**

Dr. Albert Mellam has been a Director on the NSL Board since August 2012 and ended his tenure on 25 August 2021. He is the Executive Director of the Papua New Guinea Chamber of Mines and Petroleum and is an Adjunct Professor of Management, The Cairns Institute, James Cook University, Australia, and Visiting Academic with the School of Business Administration at the University of PNG. He was the immediate past Vice-Chancellor of the University of Papua New Guinea. Dr. Mellam has undertaken academic engagements in Australia, India, Europe, and the South East Asian region. He holds a doctoral degree in Psychology from the Australian National University.

Dr. Mellam also serves as a Director on a number of public and private sector boards in Papua New Guinea. Some of these include the Credit Corporation and Kumul Consolidated Holding. He is also a member of many professional organizations including the Global Development Network, the PNG and the Australian Institutes of Directors, and the Association of Asia-Pacific Business Schools. He has undertaken specific business-related assignments for the Government of Papua New Guinea and multinational corporations within the Asia-Pacific region and served in an advisory capacity to several Economic Ministries with the Government of Papua New Guinea including the Department of Prime Minister and National Executive Council's Vision 2050 Centre and the Department of Commerce and Trade.

# Our Board

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## **Dr. David Kavanamur**

Dr. David Kavanamur has been a Director since August 2012. He was Secretary of the Department of Higher Education, Research, Science & Technology. He has a Bachelor of Arts Degree with Honors from the University of Papua New Guinea, M.Phil. (Development Studies), University of Sussex and Doctor of Strategic Management, University of Western Sydney. Professor Kavanamur is a development professional and is affiliated with many institutions, both in PNG and overseas including the Australian Institute of Management. He is currently a Director on the Boards of Kumul Hotels Limited and Gazelle International Hotel Limited.



## **Alan Kam**

Alan Kam has been a Director since March 2014. Mr Kam held a number of senior positions including CEO of Aberdeen Asset Management, Manulife Asset Management and Chairman of the Board at MUFG Japan owned Krungsri Asset Management. He has worked for Standard Chartered Bank and Merrill Lynch & Co with experience in London, New York and Los Angeles. Currently, he is an Independent Director & Chairman of the Audit & Risk Committee for Cal-Comp Electronics (Thailand) Public Co. Ltd, Mega Life Science Public Co. Ltd. and TATA Steel (Thailand) Public Co. Ltd. He is also a Director of Cal-Comp Holdings, Sao Paolo, Brazil.

Alan received his Master & Bachelor of Business Administration from the University of Denver, USA. He is a Chartered Director, Fellow Member & Facilitator of the Thailand Institute of Company Directors. Alan is also a Director of Operation Smile (Thailand), a global charitable foundation.



## **Lutz Heim**

Lutz Heim has been a Director since July 2016. Mr Heim was the Chief Operating Officer - State-Owned Entities with Kumul Consolidated Holdings from 2015 to 2017. He has extensive experience in the professional services industry having served as a tax and corporate finance partner for Deloitte in PNG from 2005 to 2015 as well as a tax partner with Ernst & Young in PNG and Australia prior to that. He originally came to PNG and served as Chief Assessor in what is now the Internal Revenue Commission from 1984 to 1987.

Mr Heim holds a Bachelor of Economics degree, a Post Graduate Diploma in Accounting, and is a graduate member of the Australian Institute of Superannuation Trustees (Advanced). He is a member of CPA PNG and a fellow of CPA Australia. He is currently also chairman of the board of Kumul Hotels Limited and First Investment Finance Limited, and Councillor and Treasurer of St John Ambulance PNG.



## **Karen Gibson**

Karen Gibson has been a Director since February 2017. She has more than 30 years of experience in financial services in Australia and Asia and is an Independent Non-Executive Director and Chair of Risk and Compliance Committees for superannuation trustee companies in Australia. Previous roles include Chief Executive Officer positions for two Australian Superannuation Funds, Non-Executive Director for an ASX listed company and Independent Director of Funds Management Companies.

Karen holds a Masters in Business Administration (Professional) and Bachelor of Science from the University of Queensland. She is a Graduate Member of the Australian Institute of Company Directors (AICD), and has Diplomas in Financial Services and Superannuation.



### **Richard Sinamoi**

Richard Sinamoi has been a Director since December 2019. He is an experienced executive and director with 19 years of experience in the superannuation and financial services industry, having worked for Comrade Trustee Services Limited as CEO until January 2017. He has served on Boards for both commercial entities and charitable organisations, spanning a range of industries from food and beverage, general insurance, trustee services, micro banking, and funds management.

Mr Sinamoi's currently serves on the Boards of Paradise Company Ltd and Pacific Assurance Limited, where he is also chair of the Audit and Risk Committee. He is currently Chairman of the Board of Credit Corporation (PNG) Ltd.

## **Delivering for the future**

The Board continues to review and improve its systems and processes to ensure that oversight of management translates to better experience for our members as well as good returns on investments.

Improved member experience and ease of doing business with the Fund are key focus areas for the Board in 2022.

A number of long serving Directors have come off the Board in 2021 and this will continue over the course of the next two years. As part of its development plan within the Financial sector in PNG, the Board in keeping with its succession plan envisions more females being developed as Directors. The third cohort program will ensure that more females participate in this program as part of development of the Director pool in PNG.



# Board Committees

**Board Committees have specialised responsibility and support the Board to provide robust oversight of the management of Nambawan Super.**

Committee members consist of Directors who report to the full Board. The Membership Committee is the only Committee that consists of both Directors and Member Representatives.

Committee	Chair	Members
<p><b>Audit and Risk Committee</b></p> <p>Provides independent review and objective appraisal of the financial and operational activities of Nambawan Super in the legal, risk and compliance space. The Committee provides the Board with information necessary for them to fulfil their responsibilities in making informed financial and operational decisions in the best interest of the Fund and its members</p>	<b>Lutz Heim</b>	<p><b>Karen Gibson</b></p> <p><b>Richard Sinamoi</b></p> <p><b>Dame Meg Taylor</b> from July 2021</p>
<p><b>Remuneration and Nomination Committee</b></p> <p>Assist the Board through 2 key roles to:</p> <p>set appropriate, fair and responsible remuneration practices</p> <p>identify suitable candidates to fill vacancies on the Board, Standing Committees and the Chief Executive Officer as they arise</p>	<b>Karen Gibson</b>	<p><b>Professor David Kavanamur</b></p> <p><b>Professor Albert Mellam</b> up to August 2021</p> <p><b>Richard Sinamoi</b> up to September 2021</p> <p><b>Dame Meg Taylor</b> appointed in September</p>
<p><b>The Investment Committee</b></p> <p>Investment Committee is the engine that manages the Investment of the NSL Trust Fund. It strictly follows the highest governance standards guided by BPNG.</p> <p>Over the years, the mission of the Committee is to protect and grow the investment assets for members.</p> <p>Today, NSL holds a variety of asset including Cash, Government Treasury, Private Equity, Properties and International equities and is supported by the Licensed Investment Manager.</p>	<b>Alan Kam</b>	<p><b>Anthony Smaré</b> up to August 2021.</p> <p><b>Lutz Heim</b></p> <p><b>Professor David Kavanamur</b></p> <p><b>Richard Sinamoi</b> from September 2021</p>
<p><b>Transformation Committee</b></p> <p>Assisting the Board, Chief Executive Officer and Executive Management in all facets of business management and technological and strategic advancements, including assessing environmental and other external influences that have the potential to impact NSL's strategic direction, and recommending appropriate monitoring and evaluation processes and operating ethos.</p>	<b>Professor David Kavanamur</b>	<p><b>Karen Gibson,</b></p> <p><b>Alan Kam</b></p>





Committee	Chair	Members
<p><b>Membership Committee</b></p> <p>Ensures the Board, Chief Executive Officer and Executive Management remain responsive to members needs and provides an essential consultation forum between the Fund and the Membership.</p>	<p><b>Professor Albert Mellam</b> up to August 2021.</p> <p><b>Richard Sinamoi</b> from December 2021</p>	<p><b>Anthony Smaré</b> up to August 2021</p> <p><b>Dame Meg Taylor</b> from July 2021</p>

**Member Representatives**

PNG Teachers' Association (PNGTA)	Kila Avei , Vice President
Teaching Service Commission	Mathew Pobaya, Commissioner
PNG Energy Workers Union	Santee Lou Margis, General Secretary
PNG Fire Fighters Union	Mamata Dumo, Representative
PNG Police Association	Lowa Tambua, President
Correctional Services Employees' Association	Daniel Mollen, President
PNG Nurses' Association	Fredrick Kebai, President
Public Employees' Association	Robert Kutapai, President Warren Ilaraki, Alternate
Department of Personnel Management (DPM)	Taies Sansan, Acting Secretary Vele Ravugamini, Deputy Secretary, Alternate

# Board Committees

## Meeting Attendance

All Directors are required to attend all scheduled Board and Board Committee meetings. In 2021, attendance to Board and Committee meetings are as presented in the table below.

Directors' attendance at meetings in 2021						
Directors	Board	Audit & Risk Committee	Investment Committee	Remuneration & Nomination Committee	Transformation Committee	Membership Committee
Reginald Monagi - Chairman	7/7					
Dame Meg Taylor	3/6	4/4		2/2		2/2
Prof. David Kavanamur	6/7		9/15	7/7	7/7	
Alan Kam	7/7		15/15		7/7	
Lutz Heim	7/7	8/8	15/15			
Karen Gibson	6/7	7/8		7/7	7/7	
Richard Sinamoi	7/7	8/8	4/4	5/5		4/4
Anthony Smaré *	5/5		7/10		3/4	1/2
Prof. Albert Mellam **	5/5			4/5		2/2
Membership Representative						
Maini Ugaia						3/4
Santee Lou Margis						4/4
Mamata Dumo						4/4
Lowa Tambua						3/4
Daniel Mollen						3/4
Fredrick Kebai						4/4
Robert Kutapai ***						1/1
Brett Philip						3/3
Vele Ravu-Gamini						4/4

\* Anthony Smaré left the Board on 25 August 2021;

\*\* Prof. Albert Mellam left the Board on 25 August 2021

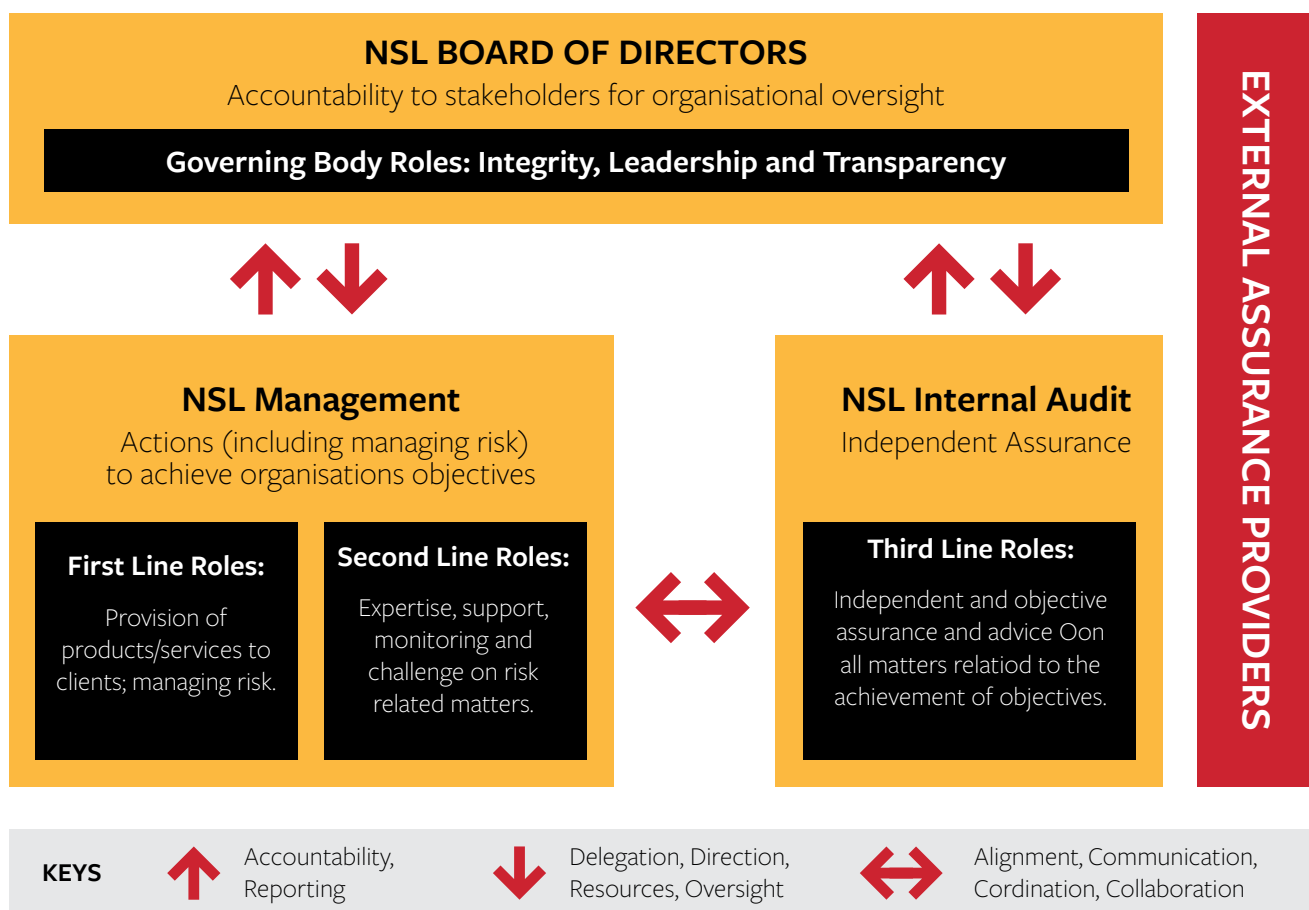
\*\*\* Late Robert Kutapi passed on in February 2021.

# Risk Management

The Fund has in place a Risk Management Framework (RMF) and it manages the risks associated with our policies, processes and people within the Fund. The RMF in place ensures superannuation contributions are secured and that we adhere to the highest standards of managing our operational risk, accountability and compliance in our policies and procedures in the Fund.

The Fund manages risks with our member's best interests in mind. We have established several RMF processes into an Enterprise Risk Management system and our risk team continue to evolve their approach with raising risk awareness in the organization dynamic operating environment.

The Funds approach to risk management follows the three lines model of the Institute of Internal Auditors where it focuses on a governance structure, accountabilities and relationships that drive decision making to bring value to our members and our stakeholders.



# Risk Management

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## NSL Board of Directors

- Identifies NSL Strategic Risk and determine the Fund's risk appetite
- Maintains and oversight of internal audit, risk and compliance functions in the Fund
- Ensure appropriate structures and processes are in place for effective governance.
- Ensures organizational objectives and activities are aligned with the prioritised interests of stakeholders.
- Delegates responsibility and resources to management to achieve the objectives of the organization, while ensuring legal, regulatory, and ethical expectations are met.
- Establishes and oversees an independent, objective, and competent internal audit function to provide clarity and confidence on progress toward the achievement of objectives.

## NSL Management

### Under the first line

- Leads and directs actions (including managing risk) and application of resources to achieve the objectives of the organization.
- Maintains a continuous dialogue with the governing body, and reports on planned, actual, and expected outcomes linked to the objectives of the organization and risk.
- Establishes and maintains appropriate structures and processes for the management of operations and risk (including internal control).
- Ensures compliance with legal, regulatory, and ethical expectations.

### Under the second line

- Provide risk management expertise, monitoring and support to management of operations and compliance, including:
  - Develop, implement and provide continuous improvement of risk management practices (internally) with people, process and systems
  - Ensure compliance with laws, regulations, internal controls and quality assurance of business process and risk management objectives are met.
- Provides analysis and reports to the Audit and Risk Committee (ARC) and the Board on the adequacy and effectiveness of RMF (including internal control).

### NSL Internal Audit (third line)

- To enhance and protect organizational value by providing risk-based and objective assurance, advice to management where control weaknesses are evident
- Has direct access to the ARC and is independent from the responsibilities of NSL Management
- Has a functional reporting line to ARC and ensures that management responds to recommendations for each internal audit findings on a timely basis.

### External assurance providers

- They are external auditors, regulators, and other external bodies that reside outside the organization's structure, but they have an important role in the organisation's overall governance and control structure.
- The Fund in this case is regulated by the Central Bank (Bank of Papua New Guinea) and there are occasional reviews performed by the central bank to objectively assess whole or some part of the first, second, or third lines with regard to those regulatory requirements.
- When coordinated effectively, external auditors, regulators, and other groups outside the organization are considered as additional lines, providing assurance to the governing body, senior management, member of the Fund and our stakeholders.



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CELESTY



# People and Culture

## Why this matters to us

As the Trustee for over 208,000 hard-working Papua New Guineans, we have embedded a member-centric culture into everything we do to deliver the best possible retirement outcomes for the members that depend on us. We are proud of the fact that this culture is upheld by all staff from our management team to our branch officers and extending through to our Trustee Directors.

To deliver on the expectations of our members, NSL needs a skilled workforce that is purpose-driven. We do this by putting our company values in the forefront of everything we do, by doing what is best for our members at all times. As we do this for our members, we also train our employees to be the best in what they do, so they grow as individuals as well. In this way, we foster happiness for everyone, our members and our workforce!

## How we create value

NSL will continue to focus on creating a high-performing team. We will do this by having in place a solid structure that ensures flexibility, to add positions to address evolving business requirements and allow for career pathways for our people.

With a strong strategic framework in place; supported by the Nambawan Way, the Fund's values and having a high performing team in place, NSL will be able to be future fit.

Our aim is to continue to attract and retain the best talent in PNG, to ensure we have the capacity to grow the Fund for our everyday people.

In its third/fourth year of running; our Nambawan Way Program is proactively continuing in changing the Nambawan Super culture, in the way we work to build a sustainable culture that allows for growth for our people to deliver results for our members. Nambawan Super employees are actively evolving our corporate culture, to one that values service excellence, collaboration, openness, trust, and innovation – enabling all team members to perform at their best within the team.

**12,472** Total training hours

**83%** Staff satisfaction 

## Value Champion Awards

**91** awards      **19** from Branches      **72** from POM

## Diversity

 **48%** Males       **52%** Females

**29**   
Positions filled  
in 2021

**5.5%**  
Turnover  
Rate

## Delivering for the future

As the Fund continues to grow, the need for a highly skilled and dedicated NSL team becomes increasingly important to ensure we are delivering the best results for our members. As such NSL aims to continue developing innovative People and Culture practices to attract, retain and upskill our team members for the overall benefit of the Fund.

NSL aims to deliver the following initiatives in 2022 and the future:

- Continue our transition to online human resource systems to enable improved performance management, learning and development.
- Maintain the quality and effectiveness of our Graduate Development Program to ensure we are delivering the best training to our university students to give them a great start to their careers.
- Plan for a potential Non-Graduate Development Program, to give young people who do not make it into university an opportunity for training and experience.
- Continue our focus on training and development for our team internally.
- Focus on our Emerging Leaders so as to prepare them for the future and to step into bigger roles.
- Equip our Executive and Management teams with targeted training and development programs, by keeping up to date with evolving industry related changes, as well as coaching and mentoring upcoming leaders within the Fund.

### Case Study

Case study- Managing People during Covid-19 Pandemic (how we responded in the second year)

As Covid-19 continued into 2021, NSL faced the challenge of managing our teams to ensure we continued to serve our members at all branches whilst prioritising the health and safety of our members and staff. This was a major hurdle for Nambawan Super.

Building on Covid-19 best practices established in 2020, NSL maintained and implemented a number of actions to ensure our staff were safe and healthy, which in turn helped to protect the health and wellbeing of our members.

NSL maintained the following:

- Continued to ensure all NSL offices and branches were provided with sufficient stock of face masks, hand sanitizers, and disinfectants.
- Hygiene packs were also provided to our staff who tested positive and isolated during the year.
- Continued with work rotation for all offices and branches, where staff were split into 3 teams (A, B, and C) and were rotated between working from the office and home.
- Regular cleaning of offices and branches.
- Introduced rapid testing towards the end of the year for all our staff.
- NSL ICT team ensured that staff were able to work from home or remote off site areas through the supply of necessary equipment and training on new tools to enable a productive remote workforce.



# What we do

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# Investment approach

We have a strategic approach to investment and are constantly considering what changes we should be making to our investment mix to ensure strong, long-term returns for members. As member contributions are received, the Fund must decide how and where to use savings to ensure real returns for members.

The Investment Objective of Fund is to achieve a return after management expenses and taxation, but before reserves allocation (if any) of Consumer Price Index (CPI) plus 2 (two) percent over any five-year period. The Fund aims to achieve this return objective with a reasonable degree of certainty, by requiring the expected probability of a negative return to be not more than four years in twenty.

To that effect, the Fund has developed an Investment Strategy that guides the Fund's efforts and outlines our "compass" the Strategic Asset Allocation (SAA). The SAA is regularly reviewed, including the target asset allocation, prospective returns and the liquidity profile of the Fund's investment portfolio.

## Why this matters to us

Focusing on improving investment performance delivers better returns to members. It has been the Fund's strategic investment approach, investing members' money across global markets for diversity and in lucrative business in those segments of the local economy that has contributed to Nambawan Super's success over the years, to now being the largest Fund in the country. The Fund has a proven track record in investing members' funds so that they'll grow, and through benefiting members, PNG also grows

## How we create value

Our investment approach is key to the long-term growth of member contributions, and it also broadly benefits PNG by supporting companies, building infrastructure, and creating jobs.

A great proportion of member funds are invested in brands Papua New Guineans use and consume every day, such as BSP, Westpac, Paradise Foods, Toyota, Kumul Hotels (Holiday Inn), City Pharmacy, Credit Corporation, Queen Emma Chocolate, Gala Ice Cream, and SP Brewery, which means members are not only getting good returns, they're also proud part-owners of major PNG properties and companies – organizations that create local jobs and boost economic activity.

Nambawan Super Limited (NSL) puts members and their super savings first and will always advocate for them – we are fully independent of government. We do not invest in businesses that run against the best interests of PNG. We pride ourselves on our integrity and trustworthiness, and our governance and accountability processes.

## Investing in Global Fund Houses to diversify the portfolio

NSL has been active in deploying its international offshore cash over the past year mainly in mutual funds. Historically, NSL's international portfolio comprised largely of individual stocks listed on the Australian Stock Exchange (ASX) and several alternative investments selected and managed by investment managers specializing in alternative investments. The Fund in recent years has transitioned into investing offshore through mutual funds instead of stock picking.

As part of NSL's Investment Strategy to diversify and de-risk the Fund, NSL has been investing in domestic and international assets, and this is done directly or indirectly (through mutual funds or other pooled investment vehicles). The decision to move funds offshore is largely due to:

1. The limited number of investment opportunity locally that meet the current threshold.
2. Accessibility to investments that are only available offshore given their specific risk and return profiles.
3. The high liquidity of the investments offshore compared to onshore.
4. Diversification of the overall portfolio.

Over the past year, the Fund has been slowly moving out of Minimum Volatility Funds and into more Active or Passive Mutual Funds. Also holding short term fixed income Mutual Funds as "transit" asset to earn slightly higher than cash rates while we are in the process moving into international equity fund.

The investments in the managed Funds offshore are in large global Fund Managers overseas, such as Schrodgers Asset Management, Amundi Asset Management and iShares by Blackrock.

## Diversification

We invest member savings in a diversified range of investments, sometimes described as “not putting all your eggs in one basket”.

This is one of the best ways to reduce the risk that any one investment might do badly in any given period and negatively affect a member’s retirement plans. Member retirement savings are invested in government bonds, commercial and residential property, and local and international companies. Over the past decade, we have also patiently built up overseas investments, which enables us to access a much wider range of investments not otherwise available in PNG. We can thus benefit from the profits earned by international IT companies and other industries not available in PNG.

## Locally-based

We employ a team of professionals that are all locally based, and are able to draw upon international expertise. Our people are also continually improving their skills and expertise, often through internationally recognized continuing education.

We aspire to operate at the standards expected internationally, while always being mindful that engagement with local businesses requires an understanding of local ways of operating.

## Performance

The Fund enjoyed strong underlying earnings - in particular interest and dividend income. This was the result of prolonged effort over several years to improve the cash earnings of the Fund and to reduce reliance on gains in valuations when calculating annual returns to members.

PNG Listed Equities, with NSL’s three stocks, as an asset class performed well within the year, mainly BSP Financial Group Limited, previously known as Bank of South Pacific Limited, continued to generate strong returns to members. The Fund’s investments in Credit Corporation (PNG) Limited and City Pharmacy Limited were positive contributors for the year as well.

PNG Unlisted Equities had a positive return for the year. This was due mainly to increased valuation for our Properties JV companies OPH Limited and Waigani Asset Limited. Others that also contributed are Paradise Company Limited, Kumul Hotels Limited (Holiday Inn) and Westpac Bank PNG Limited.

International investments also contributed positively, notwithstanding the effects of Covid-19 in offshore markets. The Trustee Board is keen to further diversify investments over the coming year, which will reduce reliance on PNG interest and dividend income, while also improving the liquidity profile of the Fund’s investment portfolio.

## Delivering for the future

Superannuation is a long-term investment, and rewards from consistent savings accrue over the long term. We follow international best practice and follow a disciplined investment approach – especially in times when markets are turbulent.

Members who patiently save a portion of their wages through superannuation benefit in the long term through compounded returns. It is common in the later years of a member’s working life that their annual interest earned and paid to their account will exceed their annual cash contributions.

We constantly think about what might happen and how bad events impact our members.

The emergence of COVID-19 in late 2019 and its effects in many aspects of life very quickly changed the outlook for the world economy, and for PNG. These exceptional events remind us that despite our best efforts, we cannot predict the future. The Trustee Board, therefore, includes contingency plans and takes a long-term view when investing members’ savings.

Superannuation is long-term and the Fund’s Investment Strategy includes a long-term focus to increase the Fund’s investments in offshore assets, which will enable better diversification than if restricted to just PNG assets. This will also enable the Fund to invest in assets that are much more readily sold and converted into another asset, or cash, or even converted back to PNG Kina if larger-than-anticipated member retirements require more cash to pay out members. The Trustee Board has in place a sensible Investment Strategy, focused on maximizing returns whilst balancing risk, and at the same time ensuring enough cash will be on hand to pay members as they retire and exit the Fund.

# Investment approach

## Case Study – Paradise Company Limited

NSL increases shareholding and investment in Paradise Company Limited (PCL) to create PNG's largest locally owned food manufacturer.

PCL is a leading food manufacturing company in PNG that owns and operates a group of companies that manufacture and distribute biscuits, snack foods and beverages. The more popular subsidiaries are Paradise Foods Limited (PFL) and Laga Industries Limited (Laga). PFL makes biscuits and associated products, and Laga makes ice creams and associated products.

### Background

In 2007, NSL took an 80% shareholding from Arnott's Biscuits who had previously bought and merged Morobe Bakery and Paradise Bakeries. The balance of 20% was held by Comrade Trustee Services Limited (CTSL). Newly named Paradise Foods Limited continued manufacturing biscuits and snacks in both the Lae and Port Moresby factories, started bottling beverages in Lae and created and built the Queen Emma Chocolate factory in Port Moresby.

In 2018, PCL purchased Laga Industries Ltd. (manufacturer of PNG's favourite Gala ice cream & Tropical Oasis water) from Steamships Ltd. At this time NSL increased their shareholding to 91% and in 2021 bought the remaining 9% shareholding from CTS.

In 2021, NSL took a strategic position by taking advantage of an opportunity to buyout CTSL's minority shareholding, and PCL Limited (the parent company of Laga and PFL) is now 100% owned by NSL.

NSL has supported the ongoing transformation of Laga and Paradise Foods to become the largest 100% PNG owned food manufacturer in country.

### Today

NSL has supported the ongoing upgrades and expansion of Laga's Gala ice cream & T-Shake business. Laga commissioned a new ice cream cone making facility in Port Moresby. PFL commissioned a new snack (Gold Nuggets) making machine in Lae complimenting the original plant in Port Moresby. PFL is first to market Smart Start a vitamin enriched breakfast biscuit midway through last year.

### Tomorrow

In order to continue growing market share of PNG's most popular biscuits NSL is supporting and assisting fund a new biscuit line in the Paradise factory in Lae. This will allow PNG's biggest selling emNAU biscuit (& other brands) to further grow their footprint and share across the land.

The new biscuit line will provide higher production volumes more efficiently which in turn allows for further developments with the existing ovens. The investment associated with the new biscuit line is K34 million.

Groundbreaking works will soon be seen at the Paradise Lae site for the construction of a new National Distribution Centre. Once open in 18 months both companies will store and dispatch their respective products (excluding ice cream as Laga manages the cold-chain distribution across all of PNG). This brings new logistical efficiencies to both companies and huge benefits for our customers in receiving 1 delivery of both company's brands. Once the Distribution Centre is completed additional local Lae staff will be recruited to compliment the current work force. NSL is fully supporting this K28 million development. Ancillary work with both projects brings the total investment to K64 million.

### **Our great brands**

PNG's biggest selling emNAU, along with Wopa, Cream Cracker, HiWay, and Arrow biscuits.

Family favourites, Rok Rok, Kokonut Kina, Peanut Cookies, Chocolate Chip Cookies and a range of Creams (Orange, Oro, Mint Choc, Chocolate).

Gala Ice Cream from the bulk flavours sold in Gala Palas (like 3Pla Fleiva and new seasonal flavour Orange choc-chip) to our famous Sticklines; Hamamas, Crunch, Jungle Pop and Sweet Heart, plus all time popular T-Shake and Laga Stix.

Gold Nuggets, Twists & Cheese Balls snacks.

Quenching Tropical Oasis & Tru Tru Wara water.

An amazing range of culinary items including Star of India Curry Powder, Zesti, Majesty Popping Corn, Burst, and Kool's powdered drinks.



# Our members and employers

## Why this matters to us

Nambawan Super members are PNG's nation makers. They are humble and hard-working. Their career success also comes with the responsibility – and sometimes the burden - of being a provider. The currency might change, but cultural obligations do not.

## How we create value

Nambawan also takes pride in investing in its members, growing their knowledge and skills, helping them make good financial decisions that ensure they'll have a comfortable retirement after a lifetime of work.

It means so much for members to be able to enjoy the respect, recognition, and reward that they've earned after devoting decades of their lives to working.

Having enough super savings to sustain them and their families, and the skills to manage those savings will secure their status and sense of contentment when the work stops.

## Performance

Delivering high quality service to members and stakeholders continues to be the key focus of the Fund, whilst adhering to the parameters of good governance in compliance with regulatory and legal requirements.

Service excellence and customer experience is a collective and collaborative effort as such the NSL Customer Relations, Employer and Stakeholder Relations and Branch Operations Departments continued to work with closely both internal and external stakeholders. Maintaining these relationships with our valued members, employers and stakeholders is key to ensuring the Fund is delivering products and services that cater to their various needs and expectations.

Our aim is to deliver the required service levels contained in the Fund Administration contract and Service Level Agreement, and also in compliance with the SGP Act 2000, whilst working to deliver tangible returns for our members.



## Contact Centre

The NSL Contact Centre continued to face a number of challenges brought on by Covid-19, however the team continued to persevere attending to member enquiries and supporting members in instances where Branch services were not available.

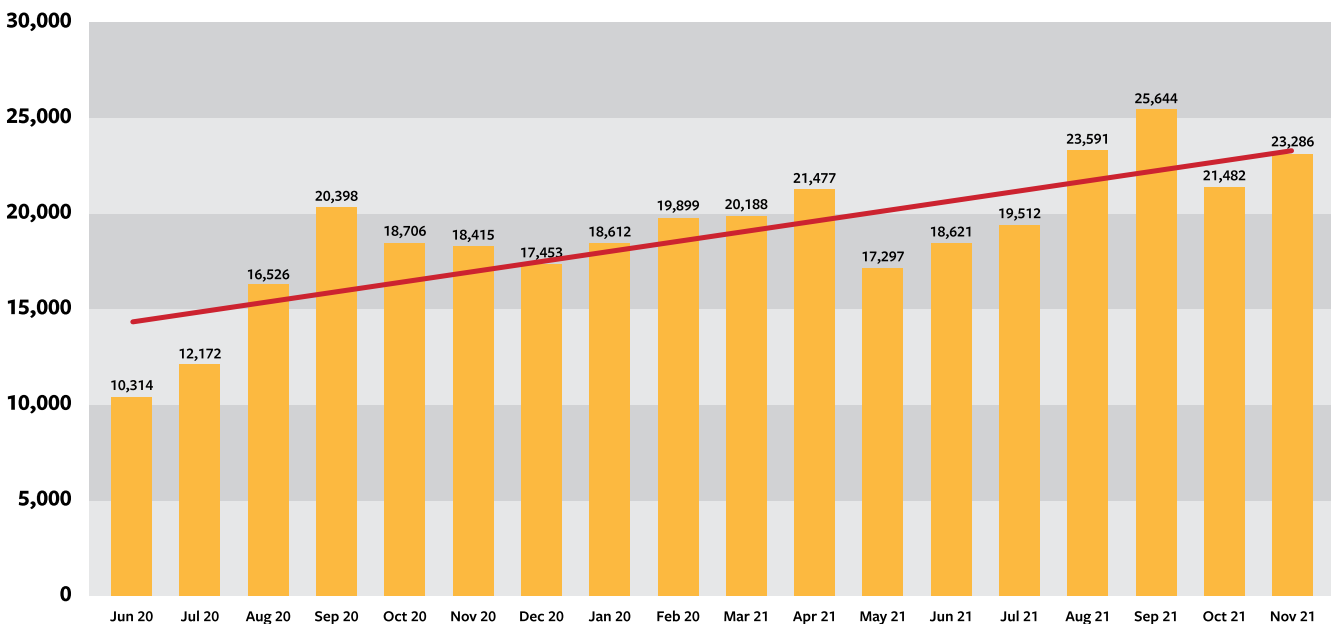
With several temporary closures of Branches and a staggered workforce due to Covid-19 restrictions, the Contact Centre experienced consistently higher call volumes averaging higher than 20,000 per month in the latter part of the year continuing up into December, 2021.

As a result, the team's workload has increased significantly with call volumes compounded by increasing email queries and requests. The majority of enquiries were on Savings & Loans services, and requests for member statements.

To alleviate general customer service complaints and to manage the increasing call volumes, a few initiatives commenced which included:

- o A Toll Free number – 180 1599, hosted by Digicel, was fully established with all effectively calls channelled through this number. It also takes incoming calls for other Telcos ie. BeMobile and Telikom.
- o A separate mailbox was setup to take in all incoming emails directed to the Call Centre for distribution amongst agents and nominated branch service officers. There is now visibility and control over emails and this ultimately ensures emails are being answered within a reasonable timeframe.
- o Emails and calls were reallocated to nominated branch staff to assist.
- o NSL assisted Nambawan Savings & Loans setup their own Call Centre, which is now operational.
- o Additional resourcing and temporary staff were engaged

## Calls Handled



# Our members and employers

## Branch

Despite continuing to face difficulties brought on by the Pandemic, NSL's 22 Branches continued to operate with improved consistency while adhering to Covid-19 protocols for the safety of members and staff. The Branches attended to a high number of over the counter queries throughout the year and our staff continued to deliver the best possible service despite disruptions.

Overall, there were over 400,000 queries handled over the counter during the year. Throughout the year, both the Momase and Highlands regions had the highest number of counter queries. The most common queries continued to be statement queries, normal benefit payments, Nambawan Savings & Loans, and Housing Advance.

In September 2021, the Fund also celebrated the opening of a new Branch in Maprik, East Sepik Province. The Branch will cater to over 3,000 members, the majority of whom work in the Agricultural Sector farming crops like vanilla, cocoa and copra. The new NSL Maprik Branch is the first District Branch to be opened by the Fund and is crucial in ensuring our services are available to all our members both rural and urban based.

All NSL Employer and Member engagements continued with teams from the Highlands Region and Alotau performing exceptionally well with their recruitment and engagement drives. The NSL Highlands Region teams exceeded their target by onboarding 9 new employers as well as continuing to engage and provide services to the very active Choice Super Members in their respective areas. The Alotau team also do well having onboarded several employers and conducted a number of successful member engagements.

At the conclusion of 2021, the Fund is cautious but also optimistic that the social effects of Covid-19 will stabilise and services can return with higher levels of consistency for our members. Regardless of social or economic challenges, NSL always endeavours to deliver the best possible service and results for our members.

## Customer experience

In 2021, NSL identified the need for high-quality member experience as a matter of priority and established this as a strategic pillar of the NSL 5-year strategic plan. NSL also began development of a Customer Experience (CX) Strategy and established a CX Working Group to implement this key initiative of the Strategic Plan.

NSL engaged and worked alongside a team of Strategy Consultants from Strativity, to undertake customer research, document the present and target state of customer experience, and to support the development of the CX Strategy. Through the development of this strategy, the CX Working Group had identified and began implementing several activities that would greatly improve NSL member experience throughout the Fund's various member facing divisions.

The activities were aimed at improving on Branch services; Contact Centre enquiry management; employer relations; member data collection; member take up of value-added services; and utilisation of SMS, app and online services by members. The Working Group aim to continue executing on and developing this initiative in 2022, to ensure that NSL continues to deliver excellent member experiences and services throughout all our Branches.

## Business Development

The Fund experienced consistent growth of our membership and employer base in 2021, having onboarded 22 new businesses with 618 new members. The addition of these new businesses is expected to increase annual member contributions by an estimated K1.6 million, which NSL can reinvest and grow for all our members. In addition to establishing strong relations with new employers, NSL has continued to deliver a high level of service to our current contributors.

A key task for the Fund in 2021, had been to provide support to the various State departments and agencies as they rolled out their compulsory retirement programs. NSL delivered pre-retirement awareness and one-on-one sessions for the retiring public servants to ensure they were well prepared for retirement and were able to withdraw their savings or transfer it to an RSA efficiently.

The Fund had also worked to further expand the accessibility of our superannuation services to all Papua New Guineans through our Choice Super platform, as part of our commitment to ensuring that Superannuation is for everyone. In 2021, NSL had grown our Choice Super membership by 11.7% with the onboarding of 2,410 Village Court Officials.

In addition to the growth in Choice Super membership, the Fund had been encouraging members to maximise the earning power of their savings by utilising Voluntary Contributions. Throughout 2021, 30,391 members made additional after tax Voluntary Contributions totalling K45.3 million to their superannuation. The total balance of Voluntary Contributions Funds Under Management as at end of 2021 is K243.49m.



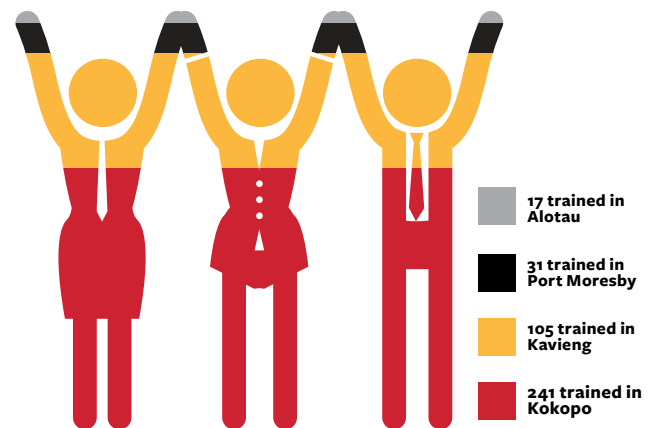
## Member Financial Literacy Training

Despite facing continued challenges from Covid-19 restrictions in 2021, NSL delivered the FLT to 394 members from 12 employers in Milne Bay, New Ireland, East New Britain and the National Capital District. The training is a key initiative of the Fund that aims to provide additional support to members as part of NSL's commitment to ensuring members have the skills and knowledge to utilise their retirement savings wisely.

The majority of members trained in 2021, were teachers and staff from the Department of Education (201 trained) and the PNG University of Natural Resources and Environment (88 trained) as well as officers from the PNG Correctional Services (37 trained).

Due to Covid-19 challenges, rollout of the FLT program in 2021 had been slow. As a result, NSL had been exploring opportunities for webinar delivery with employers and members, as well as other innovative solutions to ensure members can have access to this service whilst prioritising their health and safety. As the impact of the Pandemic begins to recede and with a focus on increased staff vaccination levels and maintaining Covid safe practices, NSL plans to resume delivery of the FLT program for our members in 2022.

## 394 Members Trained



# Our members and employers

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## Member benefit payments

Process enhancements emphasising diligent checks, revised forms, checklist, and the delegation of authority to review and approve has seen the Member Benefit Payments queue numbers reduced to manageable levels. However, maintaining sustainability through further training, awareness and obtaining the complete buy in of branch operations continues to pose an ongoing issue. Current processes are being reviewed to change to clear bottlenecks to improve turnaround time and to build up capacity of Branches to assist NSL Head Quarter operations.

Benefit payments and withdrawals made in 2021 totalled K778.49 million for 26,487 transactions, which were for:

- 10,040 RSA withdrawals
- 6,288 member exits
- 4,663 Housing Advance Payments
- 4,343 unemployment benefits
- 995 death cases
- 158 transfers.

## Delivering for the future

Superannuation is long-term and our members can contribute and build their savings for decades before they get to really enjoy the reward of their hard work. Nambawan Super is committed to strengthening our relationship with members – let's embrace it, we are going to be together for a long time.

Our long-term commitment to members goes beyond our target of long-term returns of CPI+2%. We want our time together to be well spent, growing member knowledge that ensures their financial wellbeing both while they work and ensures they are ready to manage the wealth acquired through superannuation when they retire.

We know while you work you have other day-to-day burdens and dreams. We hope the comprehensive FLT program we are developing will support members achieve their goals for today and the future.

How we best serve members is something we continue to improve. Today we are laying the groundwork for the future, with the development of a Customer Experience Strategy and Digital and Data Strategy, that will guide the Fund on our next steps to building a high quality, integrated member experience that sets the Fund apart from our competitors.

## Case study- 2021 Nationwide Police Retirement Savings Awareness

The Royal PNG Constabulary (RPNGC) is one of the Fund's largest employers and as such NSL have been working closely with the RPNGC to develop closer relations for more efficient service delivery. NSL has established a fully operational desk at RPNGC Head Quarters at Konedobu, to better attend to the needs of their over 7000 police officers. The setting up of this desk has greatly served its purpose which is to ensure that member and employer issues are addressed on a timely basis.

The year 2021 was a challenging year due to the Covid-19 pandemic and the protective measures put in place. Despite all this the Police department and the Fund were able to run a national wide retirement savings program for 331 police officers who were earmarked for retirement in 2021.

The aim of the RSA Program was to promote the culture of savings and help police retirees plan for retirement.

These sessions were organised by the Police Department (PNG-Australia Policing Partnership Team) Police Human Resource, and our Employer Relations officers.



# Supporting statements

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PAPINDO  
GROUP OF COMPANIES



PAPINDO

PAPINDO  
Lingkungan

# Fund Administrator's Statement

## Kina Investment & Superannuation Services Limited

### 2021 Year in Review

Kina Investment and Superannuation Services Limited continued to achieve great results despite having to wrestle with a number of operational challenges due to the ongoing lockdowns and challenging business environment and economic uncertainty associated with the pandemic. These have been managed relatively well, with minimal disruption to Nambawan Super and its members.

#### Key results shows increase in all facets of administration

- 29% increase in work request i.e. executed over 51 000 work requests compared to 36 000 work request in 2020
- 3.2% growth in membership from 207,986 in 2020 to 214,540 in 2021
- 2.9% growth in funds under administration from K8.02 billion to K8.25 billion (exclusive of over K2 billion in unfunded state share).
- Allocated K846.78 million in member contributions compared to K815 million in 2020
- Paid K688.19 million in benefit payments compared to K466 million in 2020

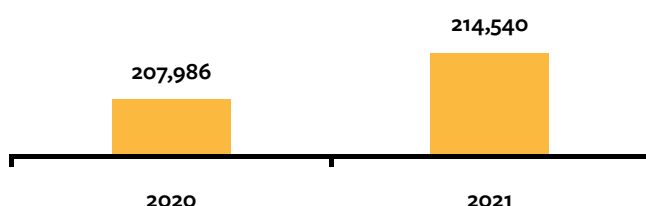
Overall we continue to maintain our service standards without disruptions and we remain committed to our fundamental mission and strategies in serving Nambawan Super and its membership.

### Fund Membership

The fund experienced a 3.2% increase in membership from 207,986 in 2020 to 214,540 in 2021. The membership break-up consists of 189,088 mainstream superannuation members, 19,194 Choice Super members, 5,584 Retirement Savings Account members and 674 Pensioners.

Fund Membership	2020	2021
Mainstream	185,139	189,088
Choice Super	17,184	19,194
RSA	4,989	5,584
Pension	674	674
<b>Total</b>	<b>207,986</b>	<b>214,540</b>

#### TOTAL MEMBER PER YEAR

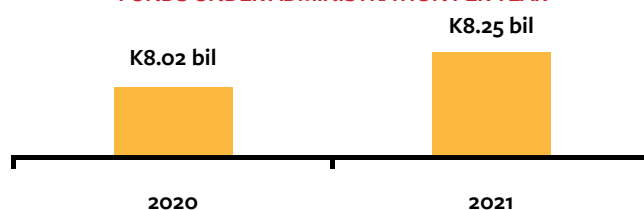


### Funds under Administration

Total funds under administration was K8.25 billion as at the close of the 2021 financial year, which reflected a 2.9% increase in total fund balance. This includes K8.05 billion in savings for mainstream members, K10.82 million for Choice Super members and K192.31 million for the members under the Retirement Savings Account. The total funds under administration is exclusive of over K2 billion in unfunded state share owed by the State to Nambawan Super members.

Fund Assets	2020	2021
Mainstream	K7,844,903,868.26	K8,047,558,493.51
Choice Super	K7,502,072.86	K10,822,321.55
RSA	K163,636,477.47	K192,309,076.91
<b>Total</b>	<b>K8,016,042,418.59</b>	<b>K8,250,689,891.97</b>

#### FUNDS UNDER ADMINISTRATION PER YEAR

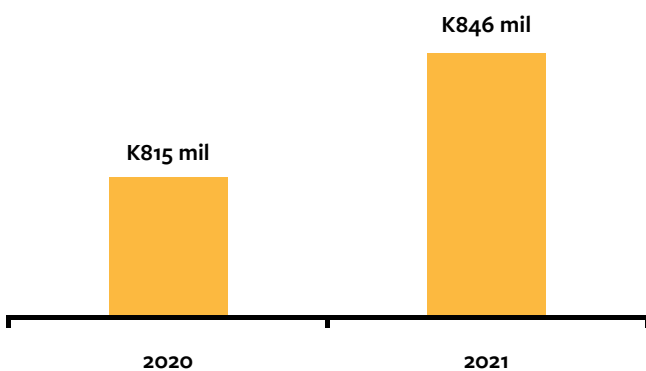


## Contributions

Total Contributions of over K846 million were received and allocated into members' superannuation accounts in 2021 compared to K815 million in 2020. Over K686 million were remitted by the state on behalf of its members and over K160 million were remitted by other organisations and non-government bodies. Table below shows the breakup of each contribution type.

Contribution Categories	2020	2021
Member Contributions	260,430,314.03	252,662,868.98
Employer Contributions	375,365,060.69	465,080,524.13
State Share Contributions	112,519,771.87	45,229,832.49
Housing Repayments	14,028,823.61	16,448,626.03
Transfer-in	5,090,720.28	16,891,748.08
Voluntary Contributions	42,578,620.30	45,301,503.90
Choice Super Contributions	3,062,950.90	3,140,856.61
Salary Sacrifice Contributions	2,109,764.45	2,020,242.25
<b>Total</b>	<b>207,986</b>	<b>214,540</b>

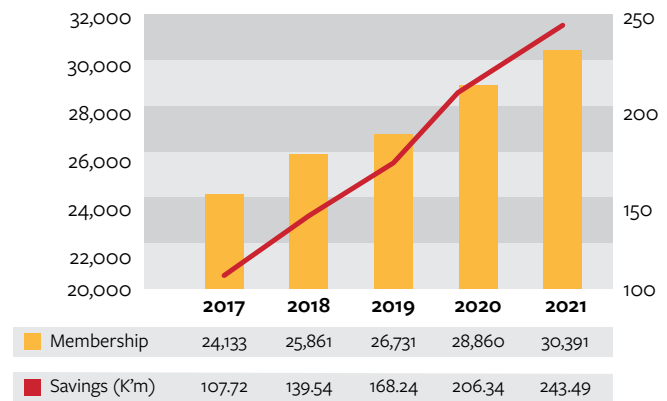
### TOTAL CONTRIBUTIONS PER YEAR



## Voluntary Contributions under Mainstream

As at 31st December 2021, the mainstream members contributed a total over K243 million as voluntary contribution. Total membership increased from 28,860 in 2020 to 30,391 in 2021. Total membership and voluntary savings increased by 5% and 18% respectively compared to 2020.

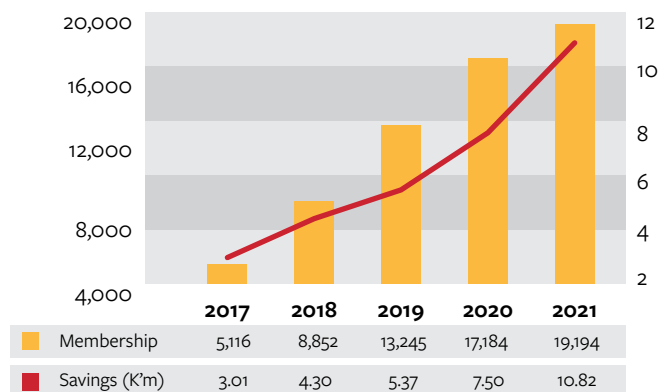
### MAINSTREAM VOLUNTARY CONTRIBUTIONS PER YEAR



## Choice Super

As at 31st December 2021, total contribution by Choice Super members was K10.82 million with total membership of 19,194. This was an increase from 2020 results. In 2021, total voluntary savings and membership under choice super increased by 44% and 12% respective compared to 2020 results.

### CHOICE SUPER VOLUNTARY CONTRIBUTIONS PER YEAR



# Fund Administrator's Statement

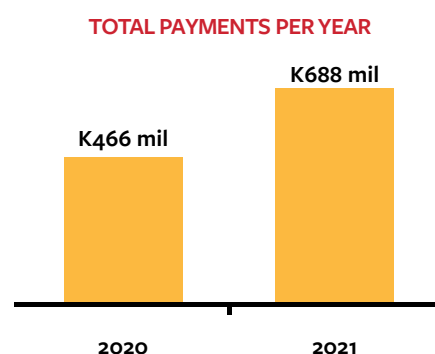
## Kina Investment & Superannuation Services Limited

### Benefit Payments

In 2021, a total of 26,487 payments were processed to the value of K688.19 million in entitlement benefits which is higher compared to 2020.

The increase in payments were mainly from members who have either resigned or retired from employment, had passed on, members who have transferred out of Nambawan Super into other superannuation funds and Housing advance payments.

Payment Category	2020 (K'M)	No of Payments	2021 (K'M)	No of Payments
Resignation, Retirement, Medical	309.37	5,549	456.68	6,288
Death (Mainstream, RSA)	65.84	820	87.72	995
Transfer Out (to other ASF)	2.11	66	5.46	158
Unemployment Benefits	6.80	4,250	6.42	4,343
RSA Withdrawals	42.47	11,835	43.88	10,040
Housing Advance Payments	39.90	1,265	88.03	4,663
<b>Total Benefit Paid</b>	<b>466.49</b>	<b>23,785</b>	<b>688.19</b>	<b>26,487</b>

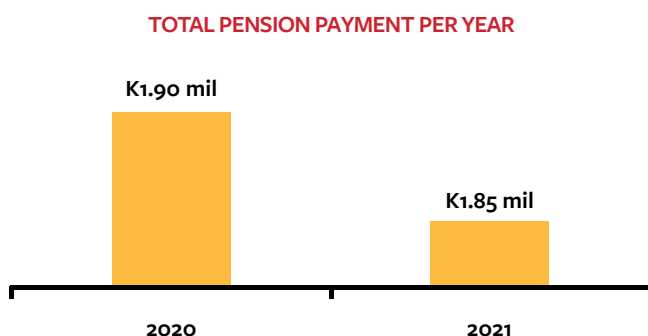


### Pension

In 2021, 14 suspended pensioner accounts were reactivated, 1 active pensioner account was suspended and none closed off. This resulted in the increase of total number of active pensioners to 366, decrease in suspended pensioner accounts to 308 and closed pensioner accounts remaining at 915.

The reactivation of the suspended accounts saw an increase of 4% in the active pension accounts since 2020. Total of K1.85 million was paid to active pensioners in 2021 which is a slight decrease compared to 2020.

Pension status	2020	2021
Active pensioner	353	366
Suspended	321	308
Closed	916	916
Nothing on file	5	5
<b>Total Pensioner</b>	<b>1595</b>	<b>1595</b>
<b>Total Payment</b>	<b>K1.90 mil</b>	<b>K1.85 mil</b>



### Looking ahead

We value our partnership with NSL and are committed to strengthening our relationship in 2022 and beyond. We remain dedicated to investing in digital technology that will support and enable NSL's membership base to interact with the Trustee seamlessly, anytime and anywhere. Together it's possible!

**Boge Dikana**

Senior Manager Fund Administration  
Kina Investment and Superannuation Services Ltd  
(Licensed Fund Administrator)  
'A wholly owned subsidiary of Kina Securities Limited'





# Investment Manager's Statement

Kina Funds Management Limited

This statement is submitted by Kina Funds Management Limited (KFM), a wholly-owned subsidiary of Kina Securities Limited. KFM is the Licensed Investment Manager (LIM) for Nambawan Super Limited (NSL or the Fund). This report outlines the drivers of NSL's performance and provides a breakdown of the Fund's investment holdings as at 31 December 2021. The report also discusses changes in the Fund's investment strategy and other activities undertaken in order to enhance and sustain the medium-term growth objective of the fund.

## 1. Legislation

The legislation governing the superannuation industry in Papua New Guinea (PNG) is the Superannuation (General Provisions) Act 2000 (the Act). The Bank of Papua New Guinea (BPNG), pursuant to the Act, has ensured the protection of the rights and interests of superannuation fund contributors. BPNG does this by issuing prudential standards that reinforce the provisions of the Act and supervision of both NSL and KFM through regular reviews and comprehensive reporting.

Within these regulatory settings, NSL and KFM are continuously working together to ensure targeted returns can be achieved in the medium to long term, without excessive investment risk.

## 2. Investment Strategy

The Fund's primary purpose is to preserve and maximise the superannuation benefits of its members, through prudent investment management.

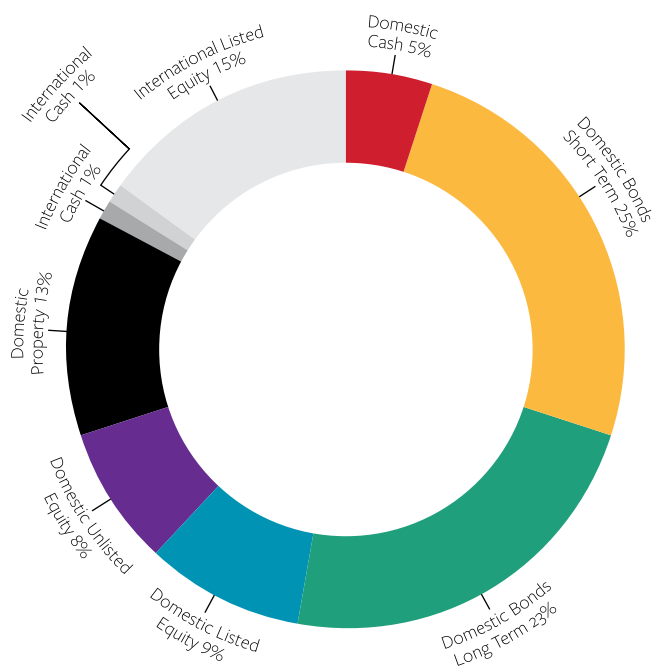
The principal objective of the Fund is to provide a return after fees and taxes in excess of the PNG Consumer Price Index (CPI), plus 2.0% over the medium.

The Fund's investment strategy guides the investment decisions of the Fund, and is subject to regular review to ensure it remains appropriate given the cash flow position and liability characteristics of the Fund, which are constantly evolving. Diversification is a key investment consideration, and this is defined by the Fund's Strategic Asset Allocation (SAA). The SAA defines a mix of investment asset classes expected to generate an investment return consistent with the Fund's objective over the medium term, with an acceptable (but not excessive) level of risk. Diversification means, among other things, that the assets of the fund are not overly exposed to any single investment factor. Over the long term, diversification reduces the volatility of Fund's investment return, all else being equal.

During 2021, NSL in conjunction with KFM has undertaken a review of the Fund's international assets in order to ensure that the SAA remains appropriate for the evolving medium-term investment conditions, and the liability structure of the Fund. The key change arising from the review was a decrease of 5% in the international asset target allocation, and a corresponding increase to domestic short-term fixed income assets. In addition, international assets are to be allocated solely in international equities, with nil allocation to International Fixed Income. Overall, these changes improved the Fund's ability to both manage its cash flow, and achieve its SAA targets. The current SAA of the Fund is outlined in the table and the chart outlines the Fund's asset weightings as at 31 December 2021.

Figure 1: Shows the Fund's SAA against the Fund's Asset Weightings as at 31 December 2021.

Asset Class	SAA Target
Domestic Cash	1%
Domestic Bonds - Short Term	13%
Domestic Bonds - Long Term	24%
Domestic Listed Equity	10%
Domestic Unlisted Equity	15%
Domestic Property	17%
<b>Domestic Total</b>	<b>80%</b>
International Cash	0%
International Bonds	0%
International Listed Equity	20%
International Private Equity	0%
International Property	0%
<b>Total</b>	<b>20%</b>
Grand Total	100%



# Investment Manager's Statement

Kina Funds Management Limited

## 3. Investment Portfolio and Performance

2021 was a challenging year for PNG, as businesses struggled with constraints on activity imposed to slow the spread of Covid19. The shortage of the supply of foreign exchange available to most businesses in PNG remains a major constraint on activity. Notwithstanding, most of NSL's investee companies adapted well to these challenges, making adjustments to their operations to reduce costs, changing capex plans, and generally "hunkering down". Many of these companies finished the year in a strong financial position, placing them in a good position to benefit from the resumption of expected levels of economic growth.

The Fund has continued to pursue the interest of members through its responses to major public initiatives, such as ongoing taxation reforms, changes to benefit sharing arrangements for major

resource projects, particularly in the extractive industries, and supporting responses to the Covid19 pandemic.

The Fund's international investments endured bouts of volatility through the second and third waves of the Covid19 pandemic, and through escalating geo-political tensions. Despite this volatility, the Fund's investments have performed well in 2021, and very clearly demonstrated the benefits of diversification achieved by the SAA.

The Fund's investment portfolio increased to well over K8.7bil at the end of 2021, the result of both strong investment income, and net cash inflows from ongoing member contributions. Investment income comprised interest, dividend, and rental income, gains in the value of domestic and international investments, and gains in the value of foreign currency holdings.

Figure 2: NSL's Investment Portfolio Growth

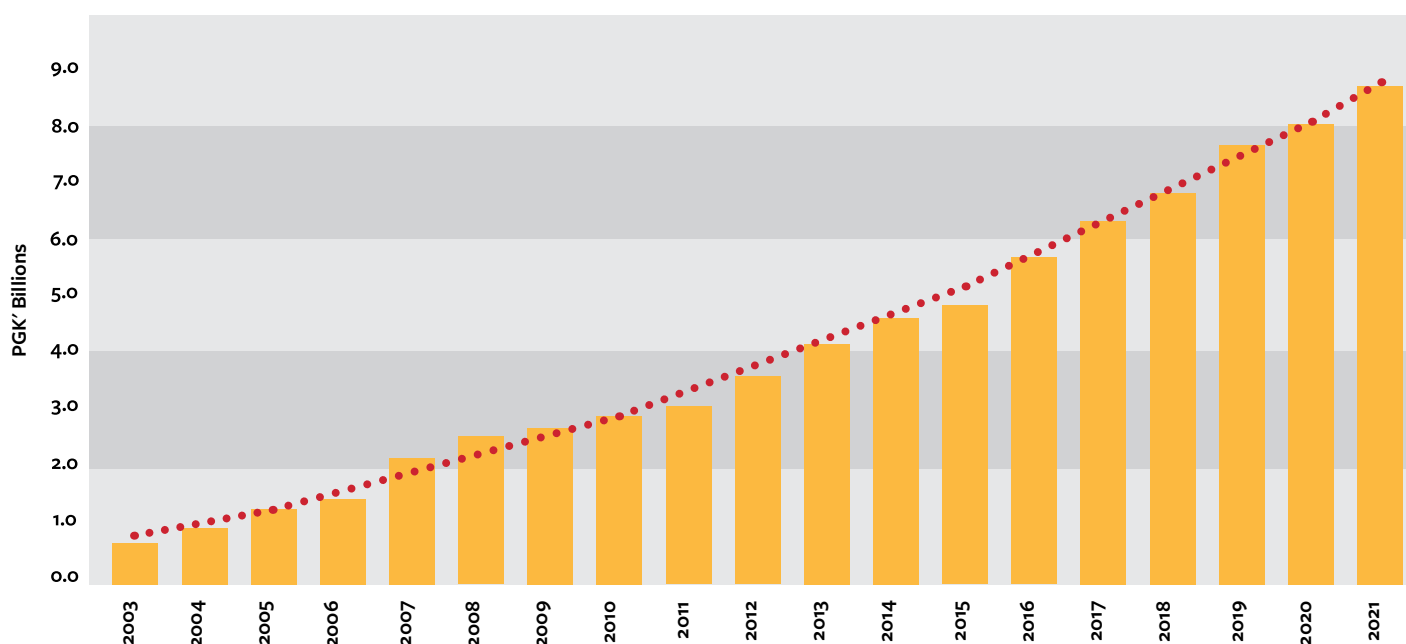


Figure 2. Above shows the growth of the Fund's investment assets since 2003. It is instructive to note that the net asset value of the Fund has increased at an average cumulative growth rate (CAGR) of ~13.9% per annum, reflective of both strong investment returns and member contributions.

## 4. Portfolio Composition

The Fund endeavours to maintain its investment holdings in line with the agreed SAA. In close collaboration with KFM, the Fund constantly monitors its investments and reacts to the prevailing market conditions, and expectations, in line with the investment strategy.

The following table compares the actual mix of investments in the portfolio at the end of December 2021, compared to the approved SAA.

Asset Class	SAA Target	Current Allocation	Allocation to Target
Domestic Cash	1.0%	4.9%	Overweight
Domestic Bonds - Short Term	13.0%	25.2%	Overweight
Domestic Bonds - Long Term	24.0%	22.5%	Underweight
Domestic Listed Equity	10.0%	8.8%	Underweight
Domestic Unlisted Equity	15.0%	8.5%	Underweight
Domestic Property	15.0%	13.1%	Underweight
<b>Domestic Total</b>	<b>30%</b>	<b>83.0%</b>	<b>Overweight</b>
International Cash	-	0.7%	Overweight
International Bonds	-	1.1%	Overweight
International Listed Equity	20.0%	15.2%	Underweight
<b>Total</b>	<b>20.0%</b>	<b>17.0%</b>	<b>Domestic Total</b>
Grand Total	100%	100%	Domestic Total

The key constraint faced by the Fund in meeting its SAA targets continues to be the scarcity of foreign exchange.

The relative illiquidity of PNG's listed equity markets and the lack of quality companies offered for sale in private markets (unlisted equities) are also impediments to the fund meeting SAA targets within its domestic holdings.

The Fund's SAA calls for a broad split of 80% Domestic and 20% International investments. At 31 December 2021, international investments comprised 17.0% of the investment portfolio, 3.0% lower than the Fund's SAA target.

As noted above, this shortfall is largely due to the shortage of foreign exchange made available for international investment, though the relative size of the shortfall has been reduced following the international assets review noted above.

International assets provide the Fund with the best opportunity for diversification through exposure to companies engage in industry classes not available in domestically, and across all developed and developing countries.

# Investment Manager's Statement

Kina Funds Management Limited

## 5. Portfolio Composition

by Asset Class

### 5.1. Domestic

#### 5.1.1. Domestic Cash

The Fund defines cash as cash deposits with banks and finance companies, and does not include short-term financial instruments. As at 31 December 2021, the Fund's allocation to this asset class was 4.9% of the total portfolio, against an SAA target allocation of 1%. The overweight in cash position at year-end was largely attributed to significant maturities of the Fund's investment in short-term domestic bond in the last quarter of 2021 with limited reinvestment opportunities available at that time due to excess liquidity in the entire financial system. The Fund and KFM had made attempts to reinvest the excess cash balances into domestic short-term bonds but was unsuccessful in most bids due to tight bidding by the general market participants. Therefore, the Fund kept excess cash at year-end. The Fund, in consultation with KFM, have carefully invested most of the excess cash balances.

#### 5.1.2. Domestic Fixed Income

The Fund's domestic fixed interest allocation consists of short and long-term bonds issued by the Government of PNG (GoPNG). As at 31 December 2021, the Fund's allocation to these two asset classes was 47.7% of the total portfolio, an increase from the prior year as the Fund continued its efforts to increase the overall yield of the portfolio's income assets.

##### 5.1.2.1. Domestic Fixed Income - Short Term

The Fund's domestic short-term fixed income allocation comprises of PNG Treasury Bills (TBills) issued by GoPNG, Deposits with banks and finance companies, together with shareholder loans to investee companies, having a term to maturity of more than one day and less than or equal to 365 days.

As at 31 December 2021, the Fund's allocation to domestic short-term fixed income was 25.2% of the total portfolio, against an SAA target of 13%. Short term fixed income is the Fund's preferred option for investment of surplus cash balance, resulting in the large overweight position in this asset class.

During 2021, the Fund was a regular participant in weekly TBills auctions, and bought K214.0m of newly issued securities.

##### 5.1.2.2. Domestic Fixed Income - Long Term

The Fund's domestic long-term fixed interest allocation comprises Government Inscribed Stock (GIS) issued by GoPNG, together with loans to Investee Companies having a term to maturity of more than one year at inception. During 2021, GoPNG conducted four GIS auctions under the Covid19 Bond program, raising K3.6bn. All four auctions were oversubscribed by participants. NSL participated in all four auctions and bought K132.0m of newly issued securities.

As at 31 December 2021, the Fund's allocation to domestic long-term fixed income was 22.5% of the total portfolio, against an SAA target of 24%. The Fund continues to monitor the market for opportunities to acquire government bonds at suitable yields

### 5.1.3. Domestic Equity

The Fund's domestic equities allocation consists of shares in listed and unlisted (private) companies. The Fund's equity holdings include some of PNG's most well known brands. As at 31 December 2021, Fund's allocation to these two asset classes was 17.3%, a decrease from the prior year as a result of downward revaluations of some investments as a result of the challenging domestic economic conditions.

#### 5.1.3.1. Listed Equity

The Fund's domestic listed equities allocation comprises shares in companies that are listed on PNG National Stock Exchange (PNGX). As at 31 December 2021, The Fund's allocation to domestic listed equity was 8.8% of the total portfolio, against an SAA target of 10%. The value of domestic equities decreased from the prior year as a result of the net effect of declines in the share prices of BSP Financial Group Limited (BSP or BFL) and Credit Corporation Limited (CCP), only partially being offset the rises in the share price of City Pharmacy Limited (CPL).

During 2021, NSL transferred approximately 40% of its BFL shareholding from PNGX to the Australian Stock Exchange (ASX) to participate in BFL's "Compliance Listing". During the year, the Fund made a modest reduction in its exposure to BFL by selling 3.0m shares on PNGX, to move the Fund more closely towards compliance with the 5.0% single asset exposure limit. The Fund's domestic listed equity exposures are shown in the table below.

**Figure 4:** Domestic Listed Equities as of 31 December 2021

Listed Equities	Stock Exchange	Industry/Sector
Bank of South Pacific Limited	PNGX	Banking/Finance
Credit Corporation Limited	PNGX	Finance/Property
City Pharmacy Limited	PNGX	Health/Retail

### 5.1.3.2. Unlisted Equity

As at 31 December 2021, the Fund's allocation to domestic unlisted equity was 8.5% of the total portfolio, against an SAA target of 15%. There was a significant increase in the value of unlisted equities from prior year, a result of NSL's acquisition of Comrade Trustee Service Limited's minority shareholdings in Paradise Company Limited (PCL), as well as NSL's participation in the funding of PCL's capital expenditure (capex) program. The capex program will see the acquisition and installation of a new cracker line and the construction of a National Distribution Centre at PCL's main production facility in Lae.

The Fund, in consultation with the KFM, continued to review a number of investment proposals in private companies during the year. The Fund will continue to work towards its allocation targets and investment objectives, and seeks to preserve and increase value for its Members. The domestic unlisted equities for the Fund is captured in the table below.

**Figure 5:** Domestic Unlisted Equities as of 31 December 2021

Ordinary Shares in Unlisted Equities	Industry/Sector
Capital Insurance Group Limited	Financials/Insurance
Gazelle International Hotel Limited	Hotel
Kumul Hotels Limited	Hotel
Paradise Company Limited	Consumer Staples/ Food Products
PNG Water Limited	Utilities/Water Utilities
Post Courier Limited	Communication Services/Media
SP Brewery Limited	Consumer Staples/Alcoholic Beverages
Toyota Tsusho (PNG) Limited	Consumer Discretionary/Automobiles & Components
Westpac Bank (PNG) Limited	Financials/Banks

# Investment Manager's Statement

## Kina Funds Management Limited

### 5.1.4. Property

The Fund's property holdings are concentrated entirely in the domestic market with a mixed portfolio of commercial, residential, industrial properties, unimproved land, and property held through joint ventures and holding companies. As at 31 December 2021, the Fund's allocation to property was 13.1% of the total portfolio, and increase from the prior year as a result of revaluation gains on some existing properties, and additional investment in Property Joint Venture companies

During 2021, NSL acquired Property Joint Venture partners Lamana Development Limited's minority shareholding in OPH Limited, as part of NSL's broader strategy to acquire 100% of properties. This initiative is expected to further streamline and improve the composition of the Fund's property holdings, which is expected to lead to an improved risk-return profile for the Fund.

Rangeview Heights Limited (RHL) is a joint venture property development between the Fund, Lamana Development Limited, and National Capital District Commission. RHL is located next to Port Moresby City Hall and in front of Savannah Heights, along Waigani Drive in Port Moresby. Significant progress has been made during the year despite the challenges from Covid19 and foreign exchange shortages. Construction on both the residential and commercial has been completed, and a certificate of occupancy issued for the residential properties. The Commercial section is anticipated to open in 2022.

The Fund, through its Moki No.10 holding company, has already started construction to build two multi-storey office buildings in the heart of the Waigani government precinct. Construction is expected to complete for Moki No. 10 in 2023.

Figure 6: Property Portfolio as of 31 December 2021

Properties	NSL's Ownership	Location	Description
<b>Commercial Properties</b>			
<b>Aopi Centre</b> (S390 L12,13 & 14 Waigani Drive)	100%	Port Moresby	A 6 Level Twin Tower Office Complex on Waigani Drive. Currently leased to the Department of Health and High Education, NSL Members Service and others
<b>Mogoru Moto</b> (S20 L8&9 Champion Parade)	100%	Port Moresby	9 Level Commercial Office Complex in the CBD, Down Town Port Moresby
<b>Morobe Haus (Vele Rumana)</b> (S6 L19&20 4th Street, Top Town)	100%	Lae	6 Level Commercial Office Complex in the CBD, Lae, Morobe Province. Recently refurbishment.
<b>Nambawan Super Haus</b> (IPI Building)	100%	Lae	7 level Mixed Use Commercial/Residential Complex in the CBD of Lae, Morobe Province
<b>Revenue Haus</b> (S20 L11 Champion Parade)	100%	Port Moresby	9 Level Commercial Office Complex in the CBD, Down Town Port Moresby. Leased to the Internal Revenue Commission
<b>Port Tower (Shirn Haus)</b> (S3 L21 Hunter Street)	100%	Port Moresby	9 level Mixed Use Commercial/ Residential Complex in the CBD, , Down Town Port Moresby
<b>Vulupindi Haus</b> (S405 L15 Waigani Drive)	100%	Port Moresby	6 Level Commercial Office Complex in Waigani. Leased to the Finance & National Planning Department
<b>Industrial Properties</b>			
<b>Warehouse Gordons</b> (S17 and L64)	100%	Port Moresby	6 Level Commercial Office Complex in Waigani. Leased to the Finance & National Planning Department



**Figure 6:** Property Portfolio as of 31 December 2021 (cont)

Properties	NSL's Ownership	Location	Description
<b>Residential Properties</b>			
<b>Bayside Apartments</b> (Portion 178)	100%	Port Moresby	42 x 2&3 Bedroom Residential Units located at Koki
<b>Portion 212</b> (Portion 212, Boundary Road)	100%	Lae	40x 2&3 bedroom residential units in Lae, Boundary Road
<b>Pinnacle Apartments</b> (S63 L22 Daugo Drive)	100%	Port Moresby	Residential Apartment with 8 levels containing, 11 Apartments and a Penthouse Apartment at Touaguba Hill
<b>Koki Staff Housing Compound</b> (portion 176)	100%	Port Moresby	Staff Housing
<b>Vacant Lands / Properties</b>			
<b>9 Mile Land</b> (Portion 2156,2157 & 2159)	100%	Port Moresby	Vacant undeveloped Land
<b>Ex-Angco</b> (L1 S6, L2, 3 & 5 S6 and L1 S5)	100%	Banz	The properties are located on L1 S5, Banz, L 1 S6, Banz and L 2, 3 & 5 S 6. Vacant undeveloped land
<b>Ex – Post PNG</b> (S387 L2o)	100%	Port Moresby	Vacant undeveloped land at 4 mile next to Telikom Training Centre

## 5.2. International

The Funds International Investments include cash and term deposits, bonds, and listed equities. As of 31 December 2021 the Fund's allocation to international assets was 17.0%, against an SAA target of 20%. Foreign exchange shortages, due to controls imposed by BPNG, remained a constraint on the ability of the Fund to fully implement its SAA target for International assets in 2021.

During 2021, the Trustee, in consultation with KFM, reviewed the international investment strategy for the Fund. As a result of this review, the Fund has reduced its SAA target allocation for international equities to 20.0%, from the previous target of 25.0% within this allocation, the Trustees have decided to split the exposure so that 10.0% allocated to international bonds and 90.0% to international equities. Within the 90% allocation to International Equities, 80% is to be invested in Developed Markets and 10% in Emerging Markets.

The Trustee made other changes as a result of the review. International Equities will comprise a mix of 70% passive (index tracking) strategies and 30% active ("alpha-seeking") strategies. All new international investments are to be denominated in US Dollars. The Fund's exposure to global bonds will be allocated to global equities in the new year as the global recovery from the Covid19 pandemic gathers momentum. Over the medium term, this approach should deliver good returns for the Fund, within prudent risk parameters.

# Investment Manager's Statement

## Kina Funds Management Limited

### 5.2.1. International Cash

As at 31 December 2021, the Fund's allocation to International Cash was 0.7% of the total portfolio. There was no corresponding SAA target. The Fund, in consultation with KFM, monitor the global investment environment carefully and ensure that international cash holdings are appropriately invested in money market, bond and equity funds.

### 5.2.2. International Bonds

The Fund has invested in a number of international money market and bond funds to maximise interest earnings. In 2021, the Fund has invested in the following managed bond funds listed below:

Figure 7: International Fixed Income as at 31 December 2021

International Fixed Income	Industry/Sector
Fullerton USD Fixed Income Fund	Global Fixed Income Fund
JP Morgan USD Fixed Income Fund	Global Fixed Income Fund
Fidelity Enhanced Reserve Fund	Global Fixed Income Fund
CS Money Market Fund	Global Fixed Income Fund
Maybank Focus Fund - Asian Income Fund	Global Fixed Income Fund

### 5.2.3. International Equity

The Fund international equities has invested in a number of international equity funds, with a mix of passive, active, and "minimum-volatility strategies. These managed funds are listed in Figure 8 below:

Figure 8: International Fixed Income as at 31 December 2021

Listed Equities	Industry/Sector
iShares Wholesale Indexed International Equity Fund	Global Equity Funds ex-Australian
Amundi Funds - Polen Capital Global Growth Capitalisation	Global Equity Funds
Schroder Int'l Selection Fund - Global Equity Capitalisation	Global Equity Funds
Schroder Int'l Selection Fund - EM Asia Capitalisation (USD)	Global Equity Funds
Acadian Global Managed Volatility Equity Fund	Global Equity Funds ex-Australian
Lazard Global Managed Volatility Equity Fund	Global Equity Funds ex-Australian
Robeco Global DM Conservative Equity Funds	Global Equity Funds ex-Australian



Deepak Gupta  
Kina Funds Management Limited  
(Licensed Investment Manager)  
'A wholly owned subsidiary of Kina Securities Limited'

# Statistical Summary

		2021	2020	2019	2018	2017	2016
<b>PROFITABILITY</b>							
Total Investment Income	K(m)	737	287	703	419	577	539
Total Expenses	K(m)	130	140	123	111	148	82
Income Tax Expense	K(m)	81	58	76	34	23	53
Net Profit After Tax	K(m)	526	89	504	274	406	404
<b>BALANCE SHEET</b>							
Net Assets	K(m)	8,823	8,140	7,683	6,890	6,415	5,779
Net Asset Growth	%	8	6	12	7	11	12
Reserves	K(m)	42	44	34	27	28	92
Reserves as a % of Net Assets	%	0.5	0.5	0.4	0.4	0.4	1.6
Retirement Savings Account Balance	K(m)	208	165	150	138	136	134
<b>RETURN TO MEMBERS</b>							
Rate of Return on Funds Employed	%	6	1	7	4	6	9
Interest Credited to Members	%	6.5	1	7	3.7	8	9
Headline Inflation Rate	%	5.7	5.8	3.3	4.3	5.1	6.8
Real Return to Members	%	0.8	-4.8	3.7	-0.6	2.9	2.2
<b>MEMBERSHIP</b>							
Number of Members		214,540	207,986	199,351	155,330	175,840	159,989
Average Wealth Per Member	K	38,689	38,814	39,612	44,357	36,482	36,121
Number of RSA Participants		5,584	4,989	4,720	4,372	4,113	3,863
Average Number of Pensioners		674	674	618	558	572	562
<b>MEMBER CONTRIBUTION &amp; PAYOUTS</b>							
Contributions	K(m)	827	801	758	668	514	464
Gross Exit Payouts	K(m)	645	441	477	398	254	223
Total Benefit Payments		26,487	23,785	25,460	23,370	23,051	18,676
Total Pension Payments	K(m)	1.8	1.9	1.6	2	2	2
<b>TRUSTEE EXPENSES</b>							
Management Expenses	K(m)	81	76	68	51	41	38
Investment and Administration Expenses	K(m)	49	63	54	60	107	44
Number of Staff		192	179	162	154	145	140

# Financial Statements

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Nambawan  
Super

# Nambawan Super

## Declaration by Trustee and Management for the year ended 31 December 2021

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### Declaration by Trustee on behalf of the Board

In our opinion the accompanying Statement of Comprehensive Income, Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, and Statement of Cash Flows, together with the Notes to and forming part of the Financial Statements, are drawn up so as to present a true and fair view of the state of affairs of the Fund as at 31 December 2021, and its performance for the year then ended.

The Trustee has satisfied itself that the Nambawan Super Board has:

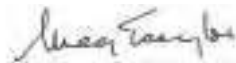
- a. identified the key financial and operating risks;
- b. established systems to control and monitor those risks including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
- c. satisfied itself that the risk management systems are operating effectively and are adequate in regard to the risk they are designed to control; and
- d. there are no apparent conflicts of interest with respect to Nambawan Super's engagement of an external auditor which may compromise the independence of the auditor's performance.

The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provision) Act 2000 and the requirements of the Trust Deed of Nambawan Super dated 24 December 2002.

For and on behalf of the Board of Directors of the Trustee.



**Reginald Monagi**  
Chairman



**Dame Meg Taylor**  
Deputy Chairwoman

Dated at Port Moresby the 31st day of March 2022

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## Declaration by Management

In our opinion the accompanying Statement of Comprehensive Income, Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, and Statement of Cash Flows, together with the Notes to and Forming Part of the Financial Statements, are drawn up so as to present a true and fair view of the state of the affairs of the Fund as at 31 December 2021, and its performance for the year then ended.

The Management have satisfied themselves that they have:

- a. identified the key financial and operating risks;
- b. established systems to control and monitor those risks including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
- c. satisfied itself that the risk management systems are operating effectively and are adequate in regard to the risk they are designed to control; and
- d. there are no apparent conflicts of interest with respect to Nambawan Super's engagement of an external auditor which may compromise the independence of the auditor's performance.

The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provision) Act 2000 and the requirements of the Trust Deed of Nambawan Super dated 24 December 2002.

For and on behalf of the Nambawan Super Management.



**Paul Sayer**  
Chief Executive Officer



**Pochon Lili**  
Chief Financial Officer

Dated at Port Moresby the 31st day of March 2022

# Independent Auditor's Report

To the members of Nambawan Super

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## Report on the audit of the financial statements

### Our opinion

We have audited the financial statements of Nambawan Super (the Fund), which comprise the statement of net assets available for benefits as at 31 December 2021, and the statement of comprehensive income, statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- comply with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the financial statement requirements embodied in the Companies Act 1997 and other generally accepted accounting practice in Papua New Guinea; and
- give a true and fair view of the financial position of the Fund as at 31 December 2021, and its financial performance and cash flows for the year then ended.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Fund.

### Emphasis of matter

We draw attention to Note 2 (s) (iv) of the financial statements, which describes the material uncertainty that exists in relation to the impact of COVID-19 on the valuations of investment properties and unlisted equities at 31 December 2021 which has the potential to have an adverse impact on investment property and unlisted equity values and the precise extent of that impact is still not evident. In addition, Note 2 (s) (v) of the financial statements also indicates a material uncertainty exists that may cast significant doubt on the ability of the Fund to realise the stated value of the investment property known as Bush Wara Valley 9 mile. Our opinion is not modified in respect of these matters.

### Information other than the financial statements and auditor's report

The directors of Nambawan Super Limited, being the Fund's trustee, are responsible for the annual report which includes other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the trustee for the financial statements

The directors of the trustee, are responsible, on behalf of the Fund, for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the financial statement requirements embodied in the Companies Act 1997 and other generally accepted accounting practice in Papua New Guinea, and for such internal control as the directors of the trustee determine is necessary to enable the preparation of financial statements that are free from



material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors of the trustee are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the trustee either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit.

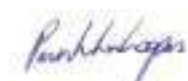
### **Report on other legal and regulatory requirements**

We confirm in relation to our audit of the financial statements for the year ended 31 December 2021:

- We have obtained all the information and explanations that we have required;
- In our opinion, proper accounting records have been kept by the Fund as far as appears from an examination of those records.

### **Who we report to**

This report is made solely to the Fund's members, as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report or for the opinions we have formed.



**PricewaterhouseCoopers**

Dated at Port Moresby the 31st day of March 2022



**Peter Buchholz**

Partner

Registered under the Accountants Act 1996

# Nambawan Super

## Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 K'000	2020 K'000
<b>Income</b>			
Interest	11(a)	360,498	310,462
Dividends	11(b)	208,317	157,010
Property rentals	11(c)	56,094	53,597
Net gains/(losses) on assets at fair value	11(e)	61,529	(225,370)
Foreign exchange gain/(loss), net	11(d)	(4,195)	(9,718)
Release of impairment provision	5(f), 7	53,939	1,064
Other income	11(f)	299	384
		<b>736,481</b>	<b>287,429</b>
<b>Expenses</b>			
<b>Investment and administration expenses</b>			
Direct investment property expenses		15,379	19,304
Fund administration fees		10,871	10,106
Investment manager's fees		10,235	10,139
Property administration expenses		6,196	6,211
Investment monitoring expenses		943	472
Loans and receivables impairment expenses	12(a)	5,549	17,341
		<b>49,173</b>	<b>63,573</b>
<b>Management expenses</b>	12(b)	<b>80,842</b>	<b>76,001</b>
		<b>606,466</b>	<b>147,855</b>
<b>Operating profit</b>		<b>606,466</b>	<b>147,855</b>
Income tax expense	13(a)	80,587	58,672
<b>Profit after income tax</b>		<b>525,879</b>	<b>89,183</b>
Other comprehensive income		-	-
<b>Net increase in net assets from operations available for benefits</b>		<b>525,879</b>	<b>89,183</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

## Statement of changes in net assets available for benefits for the year ended 31 December 2021

	Note	2021 K'000	2020 K'000
<b>Net increase in net assets from operations available for benefits</b>		<b>525,879</b>	<b>89,183</b>
<b>Contributions/transfers</b>			
Member contributions	14(a)	826,769	801,051
Housing withdrawals repayments	14(b)	32,352	25,497
Pension receipts	14(c)	-	16,700
Transfer to retirement savings plan (RSA)	14(d)	72,819	47,177
Choice super contributions	14(e)	3,152	3,112
		<b>935,092</b>	<b>893,537</b>
<b>Benefits expenditure</b>			
Benefits payments and transfer to RSA	14(a)	644,625	441,493
Housing advances or member withdrawals	14(b)	87,973	38,704
Pension payments	14(c)	1,842	1,900
Retirement savings benefit payments	14(d)	43,829	42,967
Choice super member payments	14(e)	225	106
		<b>778,494</b>	<b>525,170</b>
<b>Net increase in net assets available for benefit</b>		<b>682,477</b>	<b>457,550</b>
Net assets available for benefits - beginning of the year		8,140,999	7,683,449
Interim interest on unfunded state share through general reserves		-	-
<b>Net assets available for benefits</b>		<b>8,823,476</b>	<b>8,140,999</b>
<b>Comprising</b>			
Members accounts and pensioner funds	14(a-c)	8,558,782	7,920,851
Retirement savings account	14(d)	208,396	165,094
Choice super accounts	14(e)	14,837	11,261
Reserves	14(f)	41,461	43,793
<b>Total members' funds</b>		<b>8,823,476</b>	<b>8,140,999</b>

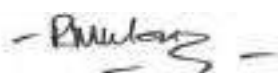
The above Statement of Changes in Net Assets Available for Benefits should be read in conjunction with the accompanying notes to the financial statements.

## Statement of net assets available for benefits as at 31 December 2021

	Note	2021 K'000	2020 K'000
<b>Assets</b>			
<b>Investments</b>			
Financial assets at fair value through profit or loss	5(a-d)	3,513,251	3,312,021
Financial assets at amortised cost	5(e)	3,974,591	3,812,973
Loans receivable	5(f)	108,665	67,717
Investment properties	5(g)	554,311	542,046
Assets held for sale	5(h)	969	22,131
<b>Total investments</b>		<b>8,151,787</b>	<b>7,756,888</b>
Cash on hand and at banks	8	488,609	250,271
Short term deposits	6	40,285	44,206
Receivables	7	166,633	92,075
Property, plant and equipment	3	37,067	36,182
Right-of-use asset	4	38,283	40,957
Income tax receivable	13(b)	72,038	91,482
<b>Total assets</b>		<b>8,994,702</b>	<b>8,312,061</b>
<b>Liabilities</b>			
Deferred income tax payable, net	13(c)	51,120	45,897
Benefits payable		2,562	2,349
Employee benefits payable		7,252	6,425
Creditors and other liabilities	9	69,136	73,363
Lease Liabilities	10	41,156	43,028
<b>Total liabilities</b>		<b>171,226</b>	<b>171,062</b>
<b>Net assets available for benefits</b>		<b>8,823,476</b>	<b>8,140,999</b>

The above Statement of Net Assets Available for Benefits should be read in conjunction with the accompanying notes to the financial statements.

For and on behalf of the Board



**Reginald Monagi**

Chairman



**Dame Meg Taylor**

Deputy Chairwoman

Dated at Port Moresby the 31st day of March 2022

**Nambawan Super Delivering for Members**

## Statement of cash flows for the year ended 31 December 2021

	Note	2021 K'000	2020 K'000
<b>Cash flows from operating activities</b>			
Contributions received		824,388	743,431
Benefits paid		(617,488)	(439,543)
Housing advance or member withdrawals	14(b)	(87,973)	(38,704)
Repayments from housing advances received	14(b)	32,352	25,497
Investments in financial assets and short term deposits		(2,691,844)	(2,827,561)
Proceeds from sale of financial assets		2,339,913	2,060,429
Payment for investment property development & acquisition		(7,786)	(4,160)
Proceeds from sale of investment properties		-	14,203
Interest received		373,026	302,012
Dividends received		203,036	151,519
Property rentals and other income received		53,752	18,516
Investment and administration expenses paid		(128,544)	(87,001)
Income tax paid	13(b)	(55,920)	(68,196)
<b>Net cash flow from operating activities</b>		<b>236,912</b>	<b>(149,558)</b>
<b>Cash flows from investing activities</b>			
Loan drawdown	5(f)	(1,140)	-
Proceeds from loan repayments	5(f)	-	4,563
Purchase of property, plant and equipment	3	(5,434)	(10,360)
Net cash flows from investing activities		(6,574)	(5,797)
<b>Net increase/(decrease) cash and cash equivalents</b>		<b>230,338</b>	<b>(155,355)</b>
Cash and cash equivalents – beginning of the year		258,271	417,295
Unrealized foreign exchange component in cash balance		-	(3,669)
<b>Cash and cash equivalents – end of the year</b>		<b>488,609</b>	<b>258,271</b>
<b>Comprising</b>			
Cash on hand and at banks	8	488,609	250,271
Short term deposits (maturity within 90 days)	6	-	8,000
		<b>488,609</b>	<b>258,271</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

# Notes to and forming part of the financial statements for the year ended 31 December 2021

## 1. General information

Nambawan Super is an approved Fund under the Superannuation (General Provisions) Act 2000 (“Act”). The Fund is primarily a defined contribution (or accumulation) fund which provides benefits to its members in accordance with the Act. The majority of contributors are from the public sector with the “State” as the major employer; however, since the introduction of the Superannuation reforms, membership now includes private sector organisations. In 2005, the Fund introduced a new post-employment product for exiting members in the form of Retirement Savings Accounts (RSA). This facility allows members who exit the Fund to transfer all or part of their benefits to an RSA. The advantages of an RSA are the continued security of funds in retirement, and the ability to make regular withdrawals from the account in line with retirement needs. Balances are not subject to tax where statutory levels of withdrawals are not exceeded.

The Fund is governed by a Board of Directors, pursuant to their responsibilities to Nambawan Super Limited (“NSL”), the Fund’s Corporate Trustee.

NSL is domiciled in PNG and the registered office is:

**Level 2, Deloitte Haus  
McGregor Street  
PO Box 483  
Port Moresby**

The financial statements have been authorized for issue by the directors on 31st day of March 2022. The Board of Directors has the power to amend the financial statements after they are issued.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

These financial statements are presented in accordance with the requirements of the Superannuation Prudential Standard 3/2008 and comply with International Financial Reporting Standards (“IFRS”) and other generally accepted accounting practice in Papua New Guinea (PNG).

All amounts are expressed in PNG Kina rounded to the nearest thousand Kina.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss, and investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions, estimates and judgment are significant to the financial statements are set out in Note 2(5).

### a. Adoption of new or revised standards and interpretations

- i. *Standards, amendments and interpretations effective in the year ended 31 December 2021.*

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period ended 31 December 2021.

- Amendments to IFRS 4, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1.1.21) - The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- Amendment to IFRS 4, ‘Insurance contracts’ – Deferral of IFRS 9. These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instruments until 1 January 2023.

The above changes did not have any material impact on the Fund.

- ii. *Standards, amendments and interpretations issued but not yet effective for the year ended 31 December 2021 or adopted early.*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the entity's accounting periods beginning on or after 1 January 2022 or later periods, but the entity has not early adopted them:

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (effective 1.4.21). On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 1.1.22).
  - Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
  - Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities (effective 1.1.23). These narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective 1.1.23). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (effective 1.1.23). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- IFRS 17 'Insurance contracts' (effective 1.1.23) replaces IFRS 4. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Fund has conducted investigations and does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a significant impact on the reported financial position or financial performance of the entity.

## **b. Revenue recognition**

### **Property rental income**

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

### **Investment income**

Interest income, comprising interest on government securities, term deposits, debentures, loans and receivables is brought to account on an accrual basis using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses.

Dividend income from equity instruments is recognised in the Statement of Comprehensive Income as part of 'dividend income' when the dividend is declared.

Changes in the fair value of financial assets at fair value through profit or loss and investment property are recognized in the Statement of Comprehensive Income in the periods in which they occur.

### **Contribution income**

Employer and member contributions are recognised upon receipt. Transfers from other funds are recognised when received by the Fund. Contributions receivable from the State in relation to exit payments are recognised when payments are made by the State to the Fund for those exiting members.

## Notes to and forming part of the financial statements for the year ended 31 December 2021

### c. Foreign currency translation

The financial statements are presented in PNG Kina, which is the Fund's functional and presentation currency. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income. Such balances are translated at year-end exchange rates at balance date. Translation differences for non-monetary items, such as financial assets held at fair value through the profit or loss, are reported as part of net gains/(loss) on assets at fair value. The rates used as at 31 December were:

	2021	2020
AUD	0.3931	0.3710
USD	0.2925	0.2925
GBP	0.2110	0.2093

### d. Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the items will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

<b>Furniture &amp; fittings</b>	<i>At rates varying from 11.25 % to 30.00 %.</i>
<b>Office equipment</b>	<i>At rates varying from 11.25 % to 30.00 %.</i>
<b>Motor vehicles</b>	30.00 %

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

### e. Financial assets

The Fund classifies its investments in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost; and
- loans and receivables at amortised cost.

The classification depends on whether the asset is an equity instrument or debt instrument, and for debt instruments, the nature of the cash flows derived from holding the instrument and the Fund's business model for holding the investment. Management determines the classification of its investments at initial recognition.

#### i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise equity instruments, which may be either held for trading or held for long term capital appreciation and investment returns, and debt instruments. Equity instruments includes both listed and unlisted equities. Debt instruments include listed offshore bonds.

#### ii. Financial assets at amortised cost

The Fund classifies its debt instruments as financial assets at amortised cost where the contractual terms give rise to cash flows that are solely payment of principal and interest and the asset is held within a business model whose objective is to hold the instrument to collect the contractual cash flows to maturity. There is no active secondary market for PNG government inscribed stocks and treasury bills, and the Fund's business model is to hold these instruments to maturity. Accordingly, the Fund has classified all its government inscribed stock and treasury bills as financial assets at amortised cost.

#### iii. Loans and receivables at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are accounted for on an amortised cost basis.

### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.



### Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'net gains on assets at fair value' in the period they arise.

Foreign exchange gains and losses relating to 'financial assets at fair value through profit or loss' are included within 'net gains on assets at fair value' in the Statement of Comprehensive Income.

The Fund's equity interests in controlled entities and entities in which it holds significant influence are treated as financial assets and classified as 'financial assets at fair value through profit or loss'.

Investments in government inscribed stocks and treasury bills, together with loans and receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

### f. Investment properties

Investment properties are recognised initially at cost, including the transaction costs, if any. Investment properties are subsequently valued at each reporting date at "fair value" (refer to note 2g), once construction is complete or they are available for use. Changes in fair value are recorded in the Statement of Comprehensive Income within 'net gains/(losses) on assets at fair value'.

Subsequent costs are included in the assets' carrying amount only when it is probable that future economic benefits associated with the items will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Rental income from investment properties is recognised in the Statement of Comprehensive Income within 'rental income' on a straight line basis over the lease term when the Fund's right to receive income arises.

### g. Fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. The fair value of financial assets traded in active markets is based on quoted market prices at the close of business on the reporting date.

The fair value of financial assets not traded in an active market is determined using valuation techniques. A variety of techniques are used by the Fund using assumptions based on market conditions existing at the reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to

other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The fair value of investment properties is determined by using valuation techniques including the use of comparable recent market transactions, the capitalization of earnings method and discounted cash flow analysis.

### h. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days and are held by the Fund to collect the contractual cash flows.

### i. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. Other short-term highly liquid investments with original maturities of three months or less are classified under other assets.

### j. Income tax

The income tax expense or revenue for the period is tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise these temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases for investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## Notes to and forming part of the financial statements for the year ended 31 December 2021

### k. Benefits payable

Benefits payable are benefits from the Fund attributable to members but not paid by balance date.

### l. Employee benefits

Liabilities of the Fund for their employees' entitlements to wages and salaries, annual leave, and other employee entitlements are accrued at amounts calculated having regard to period of service, statutory obligations, and on the basis of wage and salary rates when the liabilities are expected to be settled.

### m. Creditors and other liabilities

Creditors and other liabilities represent liabilities for goods and services provided to the Fund prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### n. Assets held for sale

Assets held for sale are stated at the lower of carrying amount or fair value less cost to sell when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable within twelve months. The fair market value is determined similar to investment properties.

### o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Internal Revenue Commission. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Internal Revenue Commission is included with other receivables or payables in the Statement of Net Assets Available for Benefits. Cash flows are presented on a gross basis. The GST component of cash flows arising from non-operating activities recoverable from, or payable to the Internal Revenue Commission are presented as operating cash flows.

### p. Impairment

The Fund uses the expected credit loss model to assess on a forward-looking basis the expected credit losses associated with its debt instruments, including loans and receivables, carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The loss allowances are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For investments in financial assets carried at amortised cost the Fund applies the three-stage model based on whether there has been a significant increase in credit risk since inception.

Investments in government inscribed stocks and treasury bills are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Debt instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For rental receivables, the Fund applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Impairment losses on financial assets at amortised cost and receivables are presented as net impairment losses within the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

### q. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Fund. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Fund. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Fund and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## r. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## s. Critical accounting estimates, judgments and disclosures

### i. Fair Value of Assets

#### Fair value of equity instruments that are not quoted in an active market

Fair value of equity instruments that are not quoted in an active market are determined by independent experts using valuation techniques, primarily discounted cash flows, earning multiples and net assets values. Management, Audit & Risk Committee and the Investment Committee review the valuations used to determine fair value for appropriateness.

Valuation models use observable data, to the extent practicable. However, there are factors requiring estimation and changes in assumptions about these factors could affect the reported fair value of the financial instruments.

Included in unlisted equities is an investment of 56.7% in Rangeview Heights Limited that has been equity funded to support its construction project, which is still a work in progress. Fair value for this investment is based on internal cash flow forecast modelling for the development, based on assumptions regarding rental rates, occupancy levels and inflation and a discount rate (9%) that reflects the risks relating to these cash flows, supported by an independent expert appraisal of the fair value of the land. Based on these assessments, management concluded that the carrying value of the investment of K112 million is fully recoverable as at 31 December 2021.

#### Fair value of investment properties

Fair value estimation of investment properties utilises the services of independent valuers. Fair value is the estimated market value at which the exchange of asset would take place at valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein each party has acted knowledgeably, prudently and without compulsion. Valuation techniques used by independent valuers typically include the discounted cash flow basis, the capitalization approach and comparison with observable market transactions for similar properties. The Discounted Cash Flow basis evaluates an internal rate of return (IRR) based on known or expected rentals adjusted for relevant factors or by comparison with similar properties capitalised using recognised market multipliers. The Capitalisation approach adopts a market yield based on estimated income adjusted for costs, outgoings and future capital upgrade costs.

The valuation models adopted by the valuers do require estimation and assumptions on the part of the valuer and changes in estimates and assumptions could affect the reported fair values of the investment properties. Management reviews these estimates and assumptions and the valuations to determine fair value and accepts or adjusts the valuations. Management then makes a recommendation to the Audit & Risk Committee and the Investment Committee who then review and agree on the valuations. These committees then recommend the valuations to the Board of the Trustee.

#### ii. Receivable from the State

The State owes debts to the Fund in relation to:

1. Unpaid rentals and outgoings, and
2. Interest.

Management continuously assesses the recoverability of these receivables considering the nature of the debt, past history, likelihood of settlement and any relevant information available to management. Based on this assessment, a provision for impairment is recognised in the financial statements for potentially uncollectable rental outgoings and interest.

In addition, the State has an unrecognized liability to members (but not the Fund) arising from unfunded members' contributions in relation to previous years which will become due as the members retire (See Note 15). Accordingly, this is not an asset of the Fund.

#### iii. Impairment

##### Impairment of financial assets at amortised cost (Table A)

The loss allowances are based on assumptions about risk of default and expected loss rates. The Fund uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### Impairment of rental receivables

For rental receivables, which includes a significant portion of debts due from State related tenants, the Fund applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of rental income over a period of 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

#### 31 December 2021

Table A

Scenario	Strong Economy	Base Case	Weak Economy	Weighted Average	Expected Loss Rate
<b>31 December 2021</b>					
Outcome Probability	30%	60%	10%		
Treasury Bills	20,840	20,852	20,860	20,849	4.10%
Government Stocks	12,030	12,035	12,040	12,034	4.10%
Expected credit loss (K'000)	32,870	32,887	32,900	32,883	
<b>31 December 2020</b>					
Treasury Bills	17,150	17,160	17,170	17,158	3.75%
Government Stocks	10,173	10,177	10,180	10,177	3.75%
Expected credit loss (K'000)	27,323	27,337	27,350	27,335	

Rental debtor balances include amounts due from the Government of K71 million. Management assessed that rental receivables due from the Government are fully recoverable, based on the agreement reached with the Government in December 2021 and ongoing discussions during 2022. In accordance with the reached agreement, the amount of K50 million was collected in December 2021 and management expects that remaining receivables will be collected in due course. As a result, related provision of K20 million was released in these financial statements (Note 7).

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for receivables from rental debtors: **(Table B)**

#### iv. COVID-19 Valuation Uncertainty

The outbreak of COVID-19, which was declared a global pandemic in March 2020, is causing increased uncertainty in both the local and global markets. Many countries globally have implemented strict travel restrictions and a range of quarantine and social distancing measures. There has been significant adverse financial and social impact in Papua New Guinea.

Nambawan Super has engaged external valuation experts to assist in undertaking valuations of investment properties and unlisted equities on behalf of Fund members. In their valuation reports the external valuers have highlighted the values stated are an assessment of the present value of the future earnings capacity or future benefits of the investment properties and unlisted equities based on historical transactions. The long term effects of COVID-19 on our economy are yet to become clear, however two matters are now clearly evident with

regards to valuations; it has the potential to have an adverse impact on values; and the precise extent of that impact is still not evident. External valuers have also highlighted the COVID-19 pandemic is still likely to have a long term impact both nationally and internationally. One short term effect is the convention that valuations can be relied upon for three months following the date of valuation, no longer applies. The COVID-19 pandemic demonstrates that segments of the market have altered significantly in a very short timeframe and there is a possibility that circumstances may continue for however long the pandemic and its flow on effects last.

At the date of this report the Board considers there remains a significant market uncertainty in regard to the valuations. The valuations reported are current at the year-end only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time - including as a result of factors that external valuers could not reasonably have been aware of as at the date of valuation.

To illustrate the Fund's exposure of the carrying value of investment properties at 31 December 2021 to further fair value movements as a result of changes in the economic environment, a sensitivity analysis of fair value has been prepared over a key driver most affected by the current uncertainty. Investment property valuations remain subject to market based assumptions on market capitalisation rates and discounted cash flows. While it is unlikely that these reported drivers would move in isolation, sensitivities have been performed independently to illustrate the impact of changes to the capitalisation rate on the reported fair values and they do not represent the Board's estimate at 31 December 2021. Refer to Note 5 (k) for sensitivity analysis.

31 December 2021						Table B
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
<b>31 December 2021</b>						
Expected loss rate	0%	0%	0%	0%	3%	
Gross carrying amount (K'000)	4,863	4,315	3,608	3,638	66,944	83,368
Loss allowance (K'000)	-	-	-	-	1,875	1,875
<b>31 December 2020</b>						
Expected loss rate	0.5%	2%	5%	15%	31%	
Gross carrying amount (K'000)	4,894	4,849	4,835	4,888	66,893	86,359
Loss allowance (K'000)	25	102	280	513	20,955	21,875

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There has been a reduced volume of transactions during COVID-19, the volatility in markets and the lack of certainty around the economic recovery means it is possible there will be further movements in key inputs to valuations after 31 December 2021. Furthermore, the future operating performance of the Fund's investment property portfolio and unlisted equities will be affected by the speed of the economic recovery and changes in how businesses and individuals interact with investment assets.

#### **v. 9 mile land commonly known as "Bush Wara"**

On Monday 16 November 2020 the National Court at Waigani after a full trial ruled in favour of Nambawan Super's primary rights over the land portions 2156, 2157 and 2159, sometimes known as Bush Wara at 9-Mile. Nambawan Super has served notice to inform the General Public and the Occupants of Portions 2156, 2157 and 2159, being the land contained with State Lease Volume 73, Folio 237, that the National Court has made its decision for Nambawan Super to have vacant possession of the parcels of land.

Nambawan Super intends to progress with plans to develop the site to provide more affordable housing to accommodate the growing Port Moresby population, and in particular the Fund's Members. Nambawan Super will continue to work with the relevant Government Authorities with the aim of realising the value of this land for the benefit of members and as a result no impairment provision has been recognised on these properties as at 31 December 2021. As at 31 December 2021 significant progress has been made in relation to this asset.

Some of these milestones include:

- Establishment of an office at the site as a liaison point with settlers.
- Conducted a social mapping exercise, the Fund now has detailed records of the settlers currently residing on portions 2157, 2156, 2159.
- Obtained a court order to take possession of portion 2158.
- Allocated budget to begin fencing of the said portions.

The settlers and squatters are yet to comply with the order of the National Court. As a result these conditions indicate that a material uncertainty exists that may cast significant doubt associated with Nambawan Super being able to realise the stated value of these properties without the full support of the relevant Government Authorities in relocating the settler and squatter communities which have been established illegally on these properties.

The Trustee is under regulatory obligation to ensure that any investment is to generate an appropriate return on its investments. In this respect Nambawan Super Limited continues to develop an investment proposal as to the development of this land.

### 3. Property plant and equipment

Non-investment fixed assets used in the operations of the Fund are included in property, plant and equipment, as set out below. Property, plant and equipment associated with investment properties are included under Investments (Note 5g).

	Housing		Office Buildings			Vehicles	Total K'000
	Land & Building K'000	Plant and Equipment K'000	Works In Progress K'000	Furniture & Fittings K'000	Plant & Equipment K'000	Motor Vehicles K'000	
<b>Cost</b>							
At 1 January 2021	20,629	48	2,896	12,176	15,472	2,474	53,695
Additions	-	-	4,378	214	391	451	5,434
Transfers	-	-	(424)	-	-	(12)	(436)
Disposals	-	-	-	-	(8)	-	(8)
<b>At 31 December 2021</b>	<b>20,629</b>	<b>48</b>	<b>6,850</b>	<b>12,390</b>	<b>15,855</b>	<b>2,913</b>	<b>58,685</b>
<b>Accumulated depreciation</b>							
At 1 January 2021	482	20	-	8,598	6,968	1,445	17,513
Depreciation	204	11	-	994	2,607	290	4,106
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1)	-	(1)
<b>At 31 December 2021</b>	<b>686</b>	<b>31</b>	<b>-</b>	<b>9,592</b>	<b>9,574</b>	<b>1,735</b>	<b>21,618</b>
<b>Net book value At 31 December 2021</b>	<b>19,943</b>	<b>17</b>	<b>6,850</b>	<b>2,798</b>	<b>6,281</b>	<b>1,178</b>	<b>37,067</b>
2020	Housing		Office Buildings			Vehicles	Total K'000
	Land & Building K'000	Plant and Equipment K'000	Works In Progress K'000	Furniture & Fittings K'000	Plant & Equipment K'000	Motor Vehicles K'000	
<b>Cost</b>							
At 1 January 2020	20,629	-	7,372	12,034	9,428	2,665	52,128
Additions	-	-	3,906	145	6,213	96	10,360
Transfers	-	48	(8,382)	-	(49)	-	(8,383)
Disposals	-	-	-	(3)	(120)	(287)	(410)
<b>At 31 December 2020</b>	<b>20,629</b>	<b>48</b>	<b>2,896</b>	<b>12,176</b>	<b>15,472</b>	<b>2,474</b>	<b>53,695</b>
<b>Accumulated depreciation</b>							
At 1 January 2020	272	-	-	7,238	4,719	1,323	13,552
Depreciation	210	9	-	1,361	2,274	397	4,251
Transfers	-	11	-	-	(11)	-	-
Disposals	-	-	-	(1)	(14)	(275)	(290)
<b>At 31 December 2020</b>	<b>482</b>	<b>20</b>	<b>-</b>	<b>8,598</b>	<b>6,968</b>	<b>1,445</b>	<b>17,513</b>
<b>Net book value At 31 December 2020</b>	<b>20,147</b>	<b>28</b>	<b>2,896</b>	<b>3,578</b>	<b>8,504</b>	<b>1,029</b>	<b>36,182</b>

## 4. Right-of-use assets

The recognised right-of-use assets relate to the following types of assets: state land leases related to properties owned by the Fund as its investment properties, properties (i.e. buildings leased by the Fund for its use), and properties leased for employee accommodation purposes. The breakdown of right-of-use assets per types of assets is provided below:

	State land leases	Properties	Employee accommodation	Total
	K'000	K'000	K'000	K'000
<b>As at 31 December 2021</b>				
Balance at 1 January 2021	8,818	31,582	557	40,957
Movements due to lease changes	-	-	-	-
Depreciation	(106)	(2,563)	(5)	(2,674)
Closing net book amount	8,712	29,019	552	38,283
At cost	9,248	39,678	569	49,495
Accumulated depreciation	(536)	(10,659)	(17)	(11,212)
	8,712	29,019	552	38,283



## 5. Investments

Financial assets at fair value through profit or loss	2021 K'000	2020 K'000
<b>a. Financial assets – unlisted shares (onshore)</b>		
Balance at the beginning of the year	1,305,217	1,500,843
Investments during the year	87,121	40,429
Divestments during the year	-	(4,049)
Fair value loss from change in net market value	11(e) (54,219)	(232,006)
Balance at the end of the year	1,338,119	1,305,217
<b>b. Financial assets – listed shares (onshore)</b>		
Balance at the beginning of the year	796,836	797,742
Additions	258,594	-
Divestments during the year	(300,088)	(13,112)
Foreign exchange gain/(loss) during the year	(6,773)	-
Fair value gain from change in net market value	11(e) 67	12,206
Balance at the end of the year	748,636	796,836
<b>c. Financial assets – listed shares (offshore)</b>		
Balance at the beginning of the year	1,037,025	899,099
Investments during the year	255,802	152,099
Divestments during the year	(170,183)	-
Realised gain/(loss) on disposal	(2,841)	-
Foreign exchange gain/(loss) during the year	(22,821)	97,318
Fair value gain/(loss) from change in net market value	11(e) 149,570	(111,491)
Balance at the end of the year	1,246,552	1,037,025
<b>d. Financial assets – bonds (offshore)</b>		
Balance at beginning of year	172,943	-
Purchases during the year	119,656	169,326
Maturities during the year	(102,693)	-
Increase/(decrease) in accrued interest receivable	-	-
Foreign exchange gain/(loss) during the year	-	1,618
Fair value gain from change in net market value	11(e) (9,962)	1,999
Balance at the end of the year	179,944	172,943
<b>Total financial assets at fair value through profit or loss</b>	<b>3,513,251</b>	<b>3,312,021</b>

Investments	2021 K'000	2020 K'000
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#### e. Financial assets at amortised cost

##### Government Inscribed Stocks & Treasury Bills – onshore

Balance at beginning of year	3,812,973	3,405,623
Purchases during the year	2,233,186	2,465,709
Maturities during the year	(2,047,520)	(2,009,124)
Disposals	(30,000)	(38,500)
Increase/(decrease) in accrued interest receivable	11,500	7,116
Provision for impairment	(5,548)	(17,851)
Balance at the end of the year	3,974,591	3,812,973

#### f. Loans receivable

Balance at the beginning of the year	67,717	70,947
Drawdowns made	1,140	-
Payments received	-	(4,563)
Decrease/(increase) in provision for impairment, net	33,939	-
Interest charged	5,869	1,333
Balance at the end of the year	108,665	67,717

The loans attract interest at an average rate of 10% (2020: 10 %). Interest is repayable monthly and the principal amount is repayable in accordance with the respective loan agreements, with maturities varying between 2021 and 2022. The majority of this interest is on construction loans given to related companies – Waigani Assets Limited (K90 million) and OPH Limited (K34 million). The loans receivable for OPH and WAL are stated on a gross basis i.e. before impairment. Management assessed that loan due from OPH Limited is fully recoverable as at 31 December 2021 and has released related impairment provision of K34 million. The loan was fully repaid by OPH Limited in March 2022.

Investments	2021 K'000	2020 K'000
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### g. Investment properties

#### Properties at fair value

Balance at the beginning of the year	537,092	558,112
Disposals	-	(14,203)
Transfer from capital work in progress	-	779
Transfer to assets held for sale	-	(19,355)
Transfer from assets held for sale	-	800
Fair value gain/(loss) from change in net market value	11(e) 4,479	10,959
<b>Balance at the end of the year</b>	<b>541,571</b>	<b>537,092</b>

#### Capital work in progress – properties under construction (at cost)

Balance at the beginning of the year	4,954	2,593
Additions	7,786	4,160
Transfer to assets held for sale	-	(1,020)
Transfer to investment properties	-	(779)
<b>Balance at the end of the year</b>	<b>12,740</b>	<b>4,954</b>
<b>Total investment properties</b>	<b>554,311</b>	<b>542,046</b>

### h. Assets held for sale

#### Properties held for sale

Balance at the beginning of the year	22,131	2,558
Transfer from investment properties	-	20,373
Transfer to investment properties	-	(800)
Disposals and write offs	(21,162)	-
	969	22,131

Certain properties of the fund are held for the purpose of sale. These sales are expected to be completed within a period of a year.

<b>Total investments</b>	<b>8,151,787</b>	<b>7,756,888</b>
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## i. Asset Allocation

Asset Class	Holding Interest (%)		Portfolio Value (K'000)	
	2021	2020	2021	2020
<b>Onshore</b>				
Equities				
Listed	9	10	748,636	796,836
Unlisted	17	17	1,338,119	1,305,217
Financial assets at amortised cost	49	49	3,974,591	3,812,973
Property	7	7	554,311	542,046
Assets held for sale	0	0	969	22,131
Loans	1	1	108,665	67,717
<b>Offshore</b>				
Equities				
Listed	15	14	1,246,552	1,037,025
Unlisted	0	0	-	-
Bonds at fair value	2	2	179,944	172,943
<b>Total excluding short-term deposits</b>	<b>100</b>	<b>100</b>	<b>8,151,787</b>	<b>7,756,888</b>
<b>Listed Equities – onshore</b>				
	<b>Industry</b>	<b>Valuation Method</b>	<b>Value (K'000) 2021</b>	<b>Value (K'000) 2020</b>
BSP Financial Group Ltd	Banking	Last Bid Price	620,408	677,995
Credit Corporation Ltd	Finance	Last Bid Price	105,751	107,010
City Pharmacy Ltd	Wholesale/Retail	Last Bid Price	22,477	11,831
<b>Total</b>			<b>748,636</b>	<b>796,836</b>
<b>Financial Assets at Amortised Cost</b>				
	<b>Industry</b>	<b>Valuation Method</b>	<b>Value (K'000) 2021</b>	<b>Value (K'000) 2020</b>
Government Inscribed Stock	Banking & Finance	Amortised cost		
Treasury Bills	Banking & Finance	Amortised cost		
<b>Total</b>			<b>3,974,591</b>	<b>3,812,973</b>

### i. Asset Allocation continued

Unlisted Equities – onshore	Industry	Valuation Method	Value (K'000) 2020	Value (K'000) 2021
Capital Insurance Group Ltd	Insurance	Net Assets		
Coastwatchers Court Ltd	Property	Net Assets		
Gazelle International Hotel Ltd	Hotel	Net Assets		
Kumul Hotels Ltd	Hotel	Net Assets		
Moki No. 10 Ltd	Real Estate	Net Assets		
Morobe Front Holdings Ltd	Property-development	Net Assets		
Paradise Foods Holdings Ltd	Food & Snacks	COE		
PNG Water Ltd	Utilities	Net Assets		
South Pacific Post Ltd	Media	COE		
South Pacific Brewery Ltd	Brewery	COE		
Toyota Tsusho (PNG) Ltd	Motor Vehicle	COE		
Westpac Bank (PNG) Ltd	Banking	COE		
OPH Ltd - Ordinary shares*	Property	Net Assets		
Waigani Asset Ltd	Property	Net Assets		
Rangeview Heights Ltd	Property	COE		
<b>Total</b>			<b>1,338,119</b>	<b>1,305,217</b>

Net assets - net assets on a going concern or orderly realization of assets  
COE – capitalization of future maintainable earnings  
DCF - discounted cash flow  
CR – capital raising documentation  
^^ - method of valuation changed from prior year

Unlisted equities are valued at fair value at balance date, as determined generally by registered independent professional valuers. The valuations as at 31 December 2021 and 2020 were conducted by KPMG PNG. The valuation methods used as disclosed above are considered the most relevant and appropriate. Three main valuation methods are used: (1) Capitalisation of Earnings (COE), which estimates a sustainable level of future maintainable earnings and applies an appropriate earnings multiple derived from market transactions of comparable entities or operational plans to derive a

value, (2) The Net Assets method which has been used by the valuers where the entity has significant real estate backing and earnings are limited or inconsistent, and (3) The Discounted Cash Flow method where net present value is determined from estimated future cash flows. There was no change in valuation methods from the prior period.

Changes in fair values are recorded in the Statement of Comprehensive Income as part of the fair value gain/(losses).

### i. Asset Allocation continued

Property	Section/Allotment	Milinch	Value (K'000) 2021	Value (K'000) 2020
<b>Commercial</b>				
Aopi Centre	409 – (15)	Hohola (POM)		
Vulupindi Haus	390 – (12,13,14)	Hohola (POM)		
Mogoru Moto	20 – (13)	Granville (POM)		
Revenue Haus	20 – (11)	Granville (POM)		
Port Tower	3 – (21)	Granville (POM)		
Morobe Haus	6 – (19 & 20)	Lae		
Nambawan Super Building	49 – (41 & 23)	Lae		
<b>Residential</b>				
Bayside Apartments	Portion 178	Granville (POM)		
Portion 212 Apartments	Portion 212	Lae		
Malolo Estate Properties		8 Mile (POM)		
Pinnacle Apartments	63 – (22)	Granville (POM)		
<b>Light Industrial</b>				
NSL Warehaus	64 – (16)	Hohola (POM)		
Voco Point Warehaus	42 – (5 & 6)	Lae		
<b>Under Development</b>				
Ex Post PNG	387 – (20)	Boroko (POM)		
<b>Vacant Land</b>				
9 Mile Land	2156, 2157, 2159	Bomana (POM)		
Banz (Angco Ltd)	5 – (1)	Goroka		
Banz (Angco Ltd)	6 – (1)	Goroka		
Banz (Angco Ltd)	5 – (2-3)	Goroka		
<b>Total</b>			<b>554,311</b>	<b>542,046</b>

Investment properties are valued at fair value at balance date with values of K554 million (2020: K542 million), as determined by the Board, utilising the services of external valuers. The valuations as at 31 December 2021 were conducted by The Professional Real Estate Limited who are independent registered property valuers (2020: The Professional Real Estate Limited and The Professional Valuers of PNG). The valuation methods used are considered the most relevant and appropriate. The main valuation methods used are:

- Capitalisation of Earnings (COE), which estimates a sustainable level of future maintainable earnings and applies an appropriate capitalisation rate derived from market transactions of comparable entities or operational plans to derive a value;
- The Discounted Cash Flow method where net present value is determined from estimated future cash flows discounted to a present value; and
- For land, comparison with recent observable transactions.

### Nambawan Super Delivering for Members

There was no change in valuation methods from prior year.

Loans	Industry	Value (K'000) 2021	Value (K'000) 2020
OPH Ltd	Property		
Waigani Asset Ltd	Property		
Less impairment provision			
<b>Total</b>		<b>108,665</b>	<b>67,717</b>

The above includes loans to other related companies namely: Waigani Assets Limited and OPH Ltd.

Assets Held For Sale	Section/Allotment	Milinch	Value (K'000) 2021	Value (K'000) 2020
Malolo Estate	145 – 152	8 Mile (POM)		
Korobosea House	148 – (22)	3 Mile (POM)		
Malolo Estate	145 – (63)	8 Mile (POM)		
Malolo Estate	20 – (12)	8 Mile (POM)		
Era Rumana	64 – (15 & 16)	Granville(POM)		
Bowmans		Hohola (POM)		
<b>Total</b>			<b>969</b>	<b>22,131</b>

Listed Equities – offshore	Industry	Valuation Method	Value (K'000) 2021	Value (K'000) 2020
Blackrock Wholesale International Equity Fund	Indexed Funds	Last Bid Price		
Acadian Global Managed Volatility	Indexed Funds	Last Bid Price		
Lazard Global Managed Volatility Fund	Indexed Funds	Last Bid Price		
Robeco Global DM Conservative Equities Fund	Indexed Funds	Last Bid Price		
Amundi Funds – Polen Capital Global Grow	Indexed Funds	Last Bid Price		
Schroder Int'l Selection Fund – Global Equity	Indexed Funds	Last Bid Price		
<b>Total</b>			<b>1,246,552</b>	<b>1,037,025</b>

j. Single investment exceeding 5% of the net assets:

Investment	Type	% Holding	% of net Assets 2021	Value (K'000) 2021	Value (K'000) 2020
BSP Financial Group Ltd	Listed equity	12.25	7.0	620,408	677,995
Bank of PNG	GIS/T Bills	N/A*	45.0	3,974,591	3,812,973

\*Information on total volumes of GIS/TBills is not publicly available.

k. Sensitivity analysis

The following table demonstrates the sensitivity of investment valuations to changes in significant input assumption and estimates:

Category	Method	Value K'000	Unobservable Inputs	Weighted Average Input	Reasonable Possible Shift +/-	Revised Value +/-
Property Commercial	DCF / Comparable	411,000	Cap Rate	Various	-0.50%	408,945
					0.50%	413,055
			Rental/sqm	Various	-5%	390,450
					5%	431,550
Property Residential	Comparable	40,900	Cap Rate	Various	0.50%	41,105
					Rental/sqm	Various
			5%	42,945		
			Sale price / sqm value	Various		
					5%	42,945
Property Light Industrial	Comparable	102,411	Rental/sqm	Various	-5%	97,290
			Sale price/sqm value		5%	107,531
Listed Offshore Equities	Last Bid Price	1,246,552	Exchange Rate	0.3931	-5%	1,184,224
					5%	1,308,880
Listed Onshore Equities	Last Bid Price	748,636	Last Bid		-5%	711,204
					5%	786,068
Security Bonds offshore	NAV Price	179,944	NAV		-5%	170,947
					5%	188,941
Unlisted Onshore Equities	Various	1,338,119	FME/PE Ratios		-10%	1,204,307
					10%	1,471,931



## I. Fair Value Hierarchy

The table below analyses financial instruments and other investments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Fund's assets and liabilities that are measured at fair value at 31 December.

	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
<b>2021</b>				
<b>Financial assets</b>				
Listed securities	1,995,188	-	-	1,995,188
Unlisted securities	-	-	1,338,119	1,338,119
Bonds offshore	179,944	-	-	179,944
<b>Non-financial assets</b>				
Assets held for sale	-	-	969	969
Investment properties	-	-	554,311	554,311
	<b>2,175,132</b>	<b>-</b>	<b>1,893,399</b>	<b>4,068,531</b>
<b>2020</b>				
<b>Financial assets</b>				
Listed securities	1,833,861	-	-	1,833,861
Unlisted securities	-	-	1,305,217	1,305,217
Bonds offshore	172,943	-	-	172,943
<b>Non-financial assets</b>				
Assets held for sale	-	-	22,131	22,131
Investment properties	-	-	542,046	542,046
	<b>2,006,804</b>	<b>-</b>	<b>1,869,394</b>	<b>3,876,198</b>

There were no transfers between levels during the year.

The fair value of financial instruments traded in active markets is based on quoted prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available. The quoted market price used for financial assets held by the Fund is the current bid price.

These instruments are included in level 1. Instruments included in level 1 comprise primarily Papua New Guinea Stock Exchange (PNGX) or Australian Stock Exchange (ASX) equity investments. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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### I. Fair Value Hierarchy (cont)

Specific valuation techniques used to value other than Level 1 investments include:

- Quoted market prices, results of Bank of PNG auction or dealer quotes for similar assets or instruments; and
- Other techniques such as multiples of future maintainable earnings, net asset values or discounted cash flow analysis are used to determine value of the remaining financial instruments and investment properties.

## 6. Short term deposits

	2021 K'000	2020 K'000
Term deposits (maturities within 90 days)-- onshore	-	8,000
Term deposits (maturities within 3 to 6 months)-- onshore	40,000	35,000
Accrued interest	285	1,206
	<b>40,285</b>	<b>44,206</b>

## 7. Receivables

	2021 K'000	2020 K'000
Rental debtors	83,368	86,359
Less: Provision for doubtful debts	(1,875)	(21,875)
	<b>81,493</b>	<b>64,484</b>
Sundry debtors	91	36
State unfunded – interim interest	-	-
Related party receivable	60,124	11,143
Provision for doubtful debts on related parties	(1,638)	(1,638)
Dividend receivable	11,129	5,848
Prepayments and GST refundable	13,663	11,066
Staff housing scheme and advances	1,771	1,136
	<b>166,633</b>	<b>92,075</b>

### **Impaired rental debtors**

Details in relation to impairment of rental debtors are shown in Note 2(s). Management believes that rental receivables due from the Government as at 31 December 2021 are fully recoverable and therefore released related impairment provision of K20 million, refer to Note 2(s).

## 8. Cash on hand and at banks

	2021 K'000	2020 K'000
Banks – offshore	58,336	66,030
Banks – onshore	430,193	184,160
Cash on hand	80	81
	<b>488,609</b>	<b>250,271</b>

## 9. Creditors and other liabilities

	2021 K'000	2020 K'000
Creditors	12,619	9,378
Members' deposits	53,560	59,093
Rental bond fees	2,836	2,919
Deposits on sale of properties	121	1,973
	<b>69,136</b>	<b>73,363</b>

## 10. Lease liabilities

As disclosed in Note 4, the right-of-use assets and related lease liabilities are recognized in relation to the following types of assets: state land leases related to properties owned by the Fund as its investment properties, properties (i.e. buildings leased by the Fund for its use), and properties leased for employee accommodation purposes.

	31 December 2021 K'000	1 January 2020 K'000
State land leases	5,980	6,144
Properties	34,704	36,401
Employee accommodation	472	483
<b>Total lease liabilities</b>	<b>41,156</b>	<b>43,028</b>

Total lease liabilities as of 31 December 2021 include current liabilities of K4.2m (2020: K4.2m) and non-current liabilities of K37.0m (2020: K38.8m).

	2021 K'000	2020 K'000
Minimum Lease payments:		
Not later than 1 year	3,957	4,244
Later than 1 year and not later than 5 years	19,513	19,569
Later than 5 years	51,161	55,061
<b>Total</b>	<b>74,631</b>	<b>78,874</b>
Less: Unexpired finance charges	(33,475)	(35,846)
	<b>41,156</b>	<b>43,028</b>

Present value of lease liabilities;		
Not later than 1 year	1,983	1,874
Later than 1 year and not later than 5 years	11,785	11,137
Later than 5 years	27,388	30,017
<b>Total</b>	<b>41,156</b>	<b>43,028</b>

Interest on lease liabilities recognized in profit or loss by the Fund amount to K2.4m (2020: K2.4m).

Movement in net lease liabilities as per below:

	<b>2021</b>	<b>2020</b>
	<b>K'000</b>	<b>K'000</b>
Opening	43,028	46,739
Finance costs	2,372	2,484
Finance costs paid	(2,372)	(2,484)
Repayment	(1,872)	(3,711)
	<b>41,156</b>	<b>43,028</b>

The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 5.67% p.a., which represents the interest rate on the most recent funding by Westpac to the Fund's subsidiary OPH Ltd to fund its borrowing from the Fund.

## 11. Income

	2021 K'000	2020 K'000
<b>a. Interest</b>		
Government inscribed stock and Treasury bills	352,304	304,271
Loans	5,869	1,384
Short-term deposits	2,325	4,807
	<b>360,498</b>	<b>310,462</b>
<b>b. Dividends</b>		
Listed equities	84,999	77,152
Unlisted equities	123,318	79,858
	<b>208,317</b>	<b>157,010</b>
<b>c. Revenue from property rental contracts</b>		
Gross rental income	56,094	53,597
<b>d. Foreign exchange gains/(losses)</b>		
	(4,195)	(9,718)
<b>e. Net gains/(losses) on assets at fair value</b>		
<b>Unrealised fair value gains/(losses)</b>		
Listed equities – onshore	67	12,206
Listed equities – offshore	149,570	(111,491)
Bonds - offshore	(9,962)	1,999
Unlisted equities	(54,219)	(232,006)
Investment properties	4,479	10,959
<b>Realised fair value gains/(losses)</b>		
Listed equities	-	-
Unlisted equities	-	(1,149)
Investment properties	1,188	(3,206)
Assets held for sale	-	-

#### e. Net gains/(losses) on assets at fair value (cont)

	2021 K'000	2020 K'000
<b>Foreign Exchange gains/(losses)</b>		
Unrealised foreign exchange gains/(losses) on offshore listed equities	(22,821)	97,318
Unrealised foreign exchange gains/(losses) on onshore listed equities	(6,773)	-
<b>Net fair value gains/(losses)</b>	<b>61,529</b>	<b>(225,370)</b>

#### f. Other income

Sale of assets	-	94
Interest on Staff Housing Scheme Grants	299	290
	<b>299</b>	<b>384</b>

#### Additional information in relation to revenue from property rental contracts with customers

Revenue in relation to property rental contracts is recognised on a straight line basis over the period of the lease contract. Amounts outstanding for rents receivable which are unconditional are recognised in receivables. No other contract assets, or amounts in relation to costs incurred to obtain a contract, are recognised in relation to property rental contracts with customers. Contract liabilities in relation to rental income invoiced in advance and tenant

rental bonds are recognised within creditors and other liabilities (note 9).

There were no amounts recognised in the current reporting period relating to performance obligations satisfied in a prior year and no other amounts have been recognised at balance date in relation to unsatisfied performance obligations.

The period of leases whereby the Fund leases out its investment properties under operating leases is generally three years or more.

	2021 K'000	2020 K'000
No later than 1 year	-	70
Later than 1 year and no later than 5 years	14,054	17,008
More than 5 years	27,847	34,935
<b>Total</b>	<b>41,901</b>	<b>52,013</b>



## 12. Expenses

	2021 K'000	2020 K'000
<b>a. Loans and receivables impairments expense</b>		
Provision for impairment expense – fixed interest	5,549	17,341
	<b>5,549</b>	<b>17,341</b>
<b>b. Management expenses</b>		
Staff remuneration	31,245	29,667
Office expenses	12,058	15,143
Professional fees	10,458	5,703
Directors' fees & expenses	2,623	2,149
BPNG license fees	6,278	4,969
Staff housing and other benefits	936	1,482
Depreciation on property plant and equipment	4,106	4,251
Depreciation on right-of-use assets	2,674	3,129
Finance cost – IFRS 16	2,371	2,485
Loss on disposal of fixed assets	-	16
Advertising	2,922	5,499
Travel expenses	187	265
Auditor's remuneration - statutory audit services	550	638
Vehicle expenses	237	210
Conferences and workshop	30	170
Other expenses	4,167	225
	<b>80,842</b>	<b>76,001</b>

## 13. Income tax

The income tax charged on operating profit is determined as follows:

	2021 K'000	2020 K'000
<b>a. Income tax expense</b>		
Operating profit	606,466	147,855
Prima facie tax at 25%	151,617	36,964
<b>Tax effect of:</b>		
Fair value changes in investments	(19,495)	79,583
Dividend rebate	(50,759)	(37,880)
Foreign exchange gain - capital account	7,394	(20,517)
Other	(8,170)	522
<b>Income tax expense for the year</b>	<b>80,587</b>	<b>58,672</b>
<b>Current year income tax expense comprises of:</b>		
Current income tax	75,364	48,432
Deferred income tax	5,223	10,240
	<b>80,587</b>	<b>58,672</b>
<b>b. Income tax receivable/(payable)</b>		
Opening balance	91,482	71,718
Current income tax	(75,364)	(48,432)
Tax payments	55,920	68,196
<b>Closing balance</b>	<b>72,038</b>	<b>91,482</b>

	2021 K'000	2020 K'000
<b>c. Deferred income tax payable, net</b>		
Opening balance at the beginning of the year	(45,897)	(35,657)
Movement during the year	(5,223)	(10,240)
<b>Closing balance</b>	<b>(51,120)</b>	<b>(45,897)</b>
<b>Comprising</b>		
Investment properties	(15,639)	(14,581)
Interest receivable	(21,963)	(19,400)
Rent receivable	(20,842)	(21,590)
Foreign exchange gain – non capital	-	(2,744)
Dividend receivable	(2,782)	(1,462)
Prepaid insurance	(367)	(385)
Fixed assets	(7,912)	(9,287)
Lease liability	10,289	11,221
Employee benefits	1,812	1,606
Doubtful receivables and loans	3,754	9,164
Losses	105	105
Other accruals	2,425	1,456
	<b>(51,120)</b>	<b>(45,897)</b>

## 14. Member's funds

Members' funds are represented by contributor funds, contributor housing withdrawals, pensioner funds and retirement savings accounts, together with a reserve. Contributor funds are credited with contributions on a cash received basis. For 2021, interest allocated to contributor funds was determined on member balances at a rate of 6.5% (2020:1%) based on a daily time weighted basis.

Contributor housing withdrawals comprise withdrawals from contributor funds, which are repaid by way of additional contributions at a minimum rate of 2% and from member's entitlements at the time of exit where the advance is not fully restored at the time of exit.

	2021 K'000	2020 K'000
<b>a. Contributor funds</b>		
Opening balance	8,078,512	7,640,767
<b>Add</b>		
Members' contributions received during the year	297,688	302,685
Employers' contributions received during the year	513,914	493,275
Transfers from other funds	15,167	5,091
	826,769	801,051
Interest allocation	513,250	78,187
	9,418,531	8,520,005
<b>Deduct</b>		
Member benefits paid during the year *	(565,727)	(388,073)
Transfers to RSA during the year	(72,819)	(47,177)
Unemployment benefits paid	(6,079)	(6,243)
	(644,625)	(441,493)
<b>Closing balance</b>	<b>8,773,906</b>	<b>8,078,512</b>
<b>*Benefit payment details</b>		
Retirement	(535,027)	(356,800)
Death	(30,700)	(31,273)
	<b>(565,727)</b>	<b>(388,073)</b>

	2021 K'000	2020 K'000
<b>b. Housing Advances</b>		
Opening balance	(171,011)	(157,804)
Advances or member withdrawals	(87,973)	(38,704)
Repayments received	32,352	25,497
<b>Closing balance</b>	<b>(226,632)</b>	<b>(171,011)</b>
<b>c. Pensioner funds</b>		
Opening balance	13,350	(1,450)
Receipts during the year	-	16,700
Payments during the year	(1,842)	(1,900)
Closing balance	11,508	13,350
<b>Total members accounts and pensioner funds</b>	<b>8,558,782</b>	<b>7,920,851</b>
<b>d. Retirement savings account</b>		
Opening balance	165,094	159,363
Transfers from contributor funds during the year	72,819	47,177
Interest allocation	14,312	1,521
Payments during the year	(43,829)	(42,967)
	208,396	165,094
<b>e. Choice super account</b>		
Opening balance	11,261	8,186
Members' contributions received during the year	3,152	3,112
Interest allocation	649	69
Payments during the year	(225)	(106)
	14,837	11,261
<b>Total contributor funds</b>	<b>8,782,015</b>	<b>8,097,206</b>

#### **f. Reserves**

Retained earnings and general reserve	18,736	21,068
Section 35(2)(c) reserve	21,278	21,278
Revaluation reserve - property	1,447	1,447
	41,461	43,793
<b>Total members funds</b>	<b>8,823,476</b>	<b>8,140,999</b>

The amounts held in the above reserve accounts are unallocated benefits for the members. These reserves may be allocated to the members at the discretion of the Trustee after considering the necessary prudential and statutory requirements.

#### **g. Movement in retained earnings and general reserves**

Beginning balance	43,793	34,388
Net increase in net assets from operations available for benefits	525,879	89,183
Interim interest on state share	-	-
Interest allocated to contributor funds	(528,211)	(79,778)
	41,461	43,793

## 15. Funding arrangements

### a. Unfunded Liability of the State

At the end of 2021 the future unfunded liability of the State to members is estimated to be K2.1 billion (2020: K2.2 billion). This is not an obligation of the Fund.

### b. Exiting members

As members exit the Fund, the State is legally obliged to make its outstanding employer contributions for the years 2009 and prior plus interest on this unpaid amount based on the interest credit rate for each prior year until the year of exit. The State is also required to pay fortnightly the employer contribution of 8.4% from 2010 onwards.

Up until December 2015, the statutory total benefit was paid to the exiting members by the Fund voluntarily, including the unfunded portion that was the State's responsibility, regardless of arrears in payments by the State. At the end of each month the Fund invoiced the State for these exit payments made on behalf of the State.

In December 2015, the Board of the Fund reviewed the quantum and age of the members exit debt receivable from the State. Since the receivable was in excess of 12 months, and based on member equity and commercial considerations, the Board made a decision not to pay the State's employer debt or obligation until such time as the State made up arrears and started paying for exiting members again. The Fund is still paying exiting members all accumulated funds that the Fund has actually received and holds on account for the member but will not use existing members' funds to cover the State's obligation. The Board believes that it is inequitable for the current members' funds to be used to meet the State's obligation. Therefore, Nambawan Super Limited's Board and Management have taken the decision to pay only what the Fund holds for the exiting member, which is the 6% employee contribution plus the interest earned by the Fund over time, plus part of the 8.4% contributed up to 2008 and contributions received from 2009 to the time of their exit. The contribution by the State since 2003 is explained in paragraph (c) below.

### c. State's Obligations on Employer contributions

From 2002, the State was allowed to adopt a phased catch up of remitting the full 8.4% component of Employer Contributions on a continuous future basis under the Provisions of the Superannuation Act, as detailed below:

- 0% of the 8.4% employer contribution for 2002,
- 25 % for 2003 and 2004,
- 50% for 2005 and 2006,
- 75 % for 2007 and 2008, and
- 100% from 2009 onwards

The balance of the amounts due for each of the above years (other than 2009 onwards) is payable by the State on retirement of the employee.

From 2012, the State has been remitting the full 8.4% employer contributions on a fortnightly basis and therefore did not owe the Fund at year ended 31 December 2021 for such contributions but remains liable for the unpaid portions in relation to earlier years.

## 16. Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) and credit risk. The Trustee has appointed an Investment Committee with a charter to maintain and manage the investments of the Fund. The Investment Committee has appointed a Licensed Investment Manager in accordance with Section 8 of the Superannuation (General Provisions) Act 2000.

The investments of the Fund (other than cash held for liquidity purposes) are reviewed on behalf of the trustee by Kina Funds Management Limited ("KFM"). The trustee has determined that appointment of this manager is appropriate for the Fund and is in accordance with the Fund's investment strategy. The trustee obtains regular reports from the investment manager on the nature of the investments made on its behalf and the associated risks. The Trustee also utilizes the services of Fund Managers in relation to its Offshore Investment Portfolio. These Fund Managers execute NSL's board mandated International Strategic Asset Allocation and provide regular reports on the performance of these investments.

### a. Market risk

#### i. Foreign exchange risk

The Fund is exposed to foreign exchange risk in relation to international investments and deposits. The Fund does not have any specific hedging policies to mitigate this risk but the Fund does monitor the impact of this risk on an ongoing basis. Approximately 20% (2020:15%) of investments are offshore investments subject to foreign exchange risk.

#### ii. Price risk

The Fund is exposed to equity securities price risk. These arise from investments held by the Fund and are classified on the Statement of Net Assets Available for Benefits as financial assets at fair value. The Fund's investment manager does not use derivative financial instruments to reduce risks in the share and currency market and to increase or decrease the Fund's exposure to particular investment classes or markets.

iii. Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments on behalf of its members. The Fund's investments are subject to interest rate risks and the return on the investments will fluctuate in accordance with movements in the market interest rates

**b. Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, investments in government inscribed stock and treasury bills and loans receivable, as well as credit exposures to rental customers, including outstanding receivables. The Fund has no significant concentrations of credit risk with the exception of the Government of PNG. Details of the significant judgments and assumptions made in assessing credit risk, together with details of credit risk exposures at balance date, are provided in Note 2(5).

**c. Fair value gain on financial assets**

The Fund's financial assets and liabilities, are included in the Statement of Net Assets Available for Benefits at amounts that approximate net fair value.

**d. Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full or can only do so on terms that are materially disadvantageous. The Fund manages this risk by ensuring that it has sufficient liquidity in cash and short term readily convertible cash equivalents to meet financial obligations as and when they fall due.

The table below shows the Fund's financial liabilities in relevant maturity grouping:

	Less than 1 year K'000	1-2 years K'000	2-5 years K'000	Over 5 years K'000	Total K'000
<b>31 December 2021</b>					
Benefits payable	2,562	-	-	-	2,562
Employee benefits payable	7,252	-	-	-	7,252
Creditors and other liabilities	69,136	-	-	-	69,136
Lease liabilities	3,957	4,878	14,635	51,161	74,631
	<b>82,907</b>	<b>4,878</b>	<b>14,635</b>	<b>51,161</b>	<b>153,581</b>
<b>31 December 2020</b>					
Benefits payable	2,349	-	-	-	2,349
Employee benefits payable	6,425	-	-	-	6,425
Creditors and other liabilities	73,363	-	-	-	73,363
Lease liabilities	4,244	4,892	14,677	55,061	78,874
	<b>86,381</b>	<b>4,892</b>	<b>14,677</b>	<b>55,061</b>	<b>161,011</b>



## 17. Policies required under the prudential standards

As part of prudential standard 1/2014, issued by the Bank of Papua New Guinea and effective from 31st December 2015, an Authorised Superannuation Fund (ASF) must review annually a variety of policies and publish some of these on its website and in the annual report.

- Sections 17, 18 and 19 (PS 1/2014): the “Crediting Rate Policy” refer to the policy on the Nambawan Super website;
- Section 14d (PS 1/2014): The “Reserving Policy” refer to the policy on the Nambawan Super website.
- Section 34 (PS 1/2014) the “Policy on the use of Derivatives” refer to the policy on the Nambawan Super website.\*

The Board reviews these policies as part of its annual policy review calendar.

## 18. Events subsequent to balance sheet date

- As at the date of signing these Financial Statements management was not aware of any subsequent events of significance that would have a material impact on the financial statements as at 31 December 2021.

The State continues to owe members who have exited the Fund during 31 December 2021 a total of K102m. The State is expected to settle this obligation after 31 December 2021.

## 19. Related party disclosures

- The Trustee of the Fund throughout the year was Nambawan Super Ltd (“NSL”). The names of persons who were Directors of the Trustee Company at any time during the financial year and up to the date of this report were:  
Mr Anthony Smaré (Tenure ended in Aug 2021)  
Mr Alan Kam  
Professor Albert Mellam (Tenure ended in Aug 2021)  
Dame Meg Taylor (Joined Feb 2021)  
Mr Richard Sinamoi  
Dr Thomas Webster (Joined Dec 2021)  
Professor David Kavanamur  
Mr Reginald Monagi  
Mrs Karen Gibson  
Mr Lutz Heim
- Directors’ remuneration comprises an annual stipend and sitting fees. No bonus or other monetary benefits were paid during the year. Airfares and motor vehicles are provided for non-Port Moresby residents when meetings are conducted in Port Moresby. The details are as per the succeeding table:

Name of director	Role	Total Remuneration	Main Board meetings attended	Audit & Risk Committee meetings attended	Remuneration & Nomination Committee meetings attended	Investment Committee meetings attended	Membership Committee meetings attended	Transformation Committee meetings attended
Reginald Monagi	Chairman	K312,000	7/7	n/a	n/a	n/a	n/a	n/a
Richard Sinamoi	Director	K234,125	7/7	8/8	5/5	4/4	4/4	n/a
Karen Gibson	Director	K407,408	6/7	7/8	7/7	n/a	n/a	7/7
David Kavanamur	Director	K251,000	6/7	n/a	7/7	9/15	n/a	7/7
Albert Mellam	Director	K141,375	5/5	n/a	4/5	n/a	2/2	n/a
Alan Kam	Director	K424,283	7/7	n/a	n/a	15/15	n/a	7/7
Dame Meg Taylor	Director	K200,730	3/3	4/4	2/2	n/a	2/2	n/a
Anthony Smaré	Director	K138,000	5/5	n/a	n/a	7/10	1/2	3/4
Lutz Heim	Director	K258,250	7/7	8/8	n/a	15/15	n/a	n/a

\*Not part of the audited accounts but is included in the annual report for the benefit of the readers.

c. Directorship disclosure – key management

Name	Role	Nature of interest	Company
Paul Sayer	Chief Executive Officer	Director/Beneficiary	PCFS Nominees Pty Ltd (Trustee Company for a Self-Managed Super Fund)
		Director & CEO	Silverstream Australia Pty Ltd
		Director/Beneficiary	Mallard Enterprises Pty Ltd
		Director	White Plume Pty Ltd
		Director	Acclivus Pty Ltd
Vere Arava	Deputy Chief Executive Officer	Director	Nambwan Savings & Loans Society
David Kitchnoge	Chief Investment Officer	None	None
Pochon Lili	Chief Financial Officer	None	None
Beverlyn Malken	Company Secretary	None	None

The remuneration package for the Chief Executive Officer (CEO) is determined by the Board of Directors while senior management packages are determined by the Chief Executive Officer in collaboration with the Remuneration and Nomination Committee having regard, to among other factors, current market data.

### Compensation

The compensation paid to key management for employee services is shown below.

	2021 K'000	2020 K'000
Salaries	9,286	6,528
Leave accruals	1,981	1,845
	<b>11,267</b>	<b>8,373</b>

The key management have accommodation provided for by the Fund, as do many staff.

The following table shows the number of employees in different salary bands during 2021.

Salary Range	Number of Employees	
	2021	2020
K100,000 – K150,000	21	21
K151,000 – K200,000	8	7
K201,000 – K250,000	4	4
K251,000 – K300,000	4	-
K301,000 – K600,000	3	3
K601,000 – K700,000	-	2
K701,000 – K800,000	3	-
K801,000 – K900,000	-	-
K901,000 – K1,500,000	1	1
K1,500,000 +	1	-

## 19. Related party disclosures continued

- During the financial year the Fund did not earn interest on term deposits (2020: K0.36m) from Kina Finance Limited, a finance company which has common shareholders with the Fund's investment manager, Kina Funds Management Limited.
- The Kina group also provides Investment Management and Fund Administration services, related fees paid to the Kina group amounted to K9.2million (2020: K9.3million) and K10.9 million (2020: K10.1 million) respectively.
- Nambawan Super holds controlling equity interests and/or provides Nominee Director positions in the following unlisted entities based in PNG.

- Coastwatchers Court Limited
- Gazelle International Hotel Limited
- Kumul Hotels Limited
- Moki No. 10 Limited
- Morobe Front Holdings Limited
- Fernvale Limited
- Capital Insurance Group Limited
- Waigani Asset Limited
- Nambawan Savings & Loan Society Limited
- OPH Limited
- Pacific Building Management Services Limited
- Paradise Foods Limited
- Rangeview Heights Limited

## 20. Contingent assets, liabilities and capital commitments

### a. Litigation claims

The Fund was served a number of litigation claims, including claims relating to member withdrawals and compensation from former employees and post-employment benefit claims. The Board of Directors have reviewed these cases and will take the appropriate course of actions to defend them. In the Board's view, none of these claims are expected to result in significant losses to the Fund.

### b. Commitments for Capital Expenditure

	2021 K'000	2020 K'000
Amounts with firm commitments and not reflected in the financial statements in relation to investment properties under construction	23,000	41,600

### c. Commitments for investment expenditure

The Fund is committed to additional capital contributions for Paradise Foods Limited of K44.8m.

## 21. Directors' Disclosure

The adoption of IFRS 16 'Leases' have resulted in changes in the Fund's accounting policies, refer to Note 2(a) and 2(q). The effect arising from these changes on the statement of financial position of the Fund are as follow:

Name	Nature of interest	Companies
Anthony Smaré	Shareholder	Credit Corporation (PNG) Ltd
	Trustee	Halivim Wantok Disaster Fund
	Director	Kumul Foundation Inc.
	Director (Barrick Nominee)	Mining & Petroleum Industries Investment Fund Limited
	Director (NSL Nominee)	Paradise Company Limited
	Shareholder	South Pacific Brewery Limited
	Shareholder	City Pharmacy Limited
	Trustee/Director	Nambawan Super Limited
	Director/Shareholder	Kairar Enterprises Limited
	Director/Shareholder	Apuk Properties Limited
	Director/Shareholder	Expedient Limited
	Director/Shareholder	Empawa Limited
	Director/Shareholder	Kairar Building Systems Limited
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Director

Alan Kam	Chartered Director	Thailand Institute of Company Directors
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Directors
	Member	Royal Bangkok Sports Club
	Member	Lakewood Golf Club
	Member	RBSC Polo Club
	Director	Cal-Comp Holdings (Brazil) Co. Limited
	Independent Director	Cal-Comp Electronics (Thailand) Public Company Limited
	Independent Director	Mega Life Science Public Co
	Independent Director	TATA Steel (Thailand) Public Co. Limited
	Director	Thanakorn Vegetable Oil Products Co. Ltd
	Director/Shareholder	Ticketmelon Company Ltd – Thailand
	Director/Shareholder	Ticketmelon Company Ltd – Singapore
	Director/Shareholder	Ticketmelon Company Ltd – Philippines
	Trustee Director	Nambawan Super Limited
Director	Confere de La Chaine des Rotisseurs – Bangkok, Thailand	
	Suvit Wanglee Foundation	
	Operation Smile (Thailand) Foundation	
Professor Albert Mellam	Shareholder	Airlines PNG Limited
	Director (NSL Nominee )	Credit Corporation (PNG) Ltd
	Director	Credit Corporation Finance Limited
	Director	Credit House Limited
	Director	Credit Corporation Industrial Limited
	Director	Era Matana Limited
	Director	Era Dorina Limited
	Director	Kumul Consolidated Holdings Limited
	Shareholder	Kina Securities Limited
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Director

Reginald Monagi	Director	SP Brewery Limited
	Director	Northern Province Resources Limited
	Trustee Director	Nambawan Super Limited
	Director	Moki No. 10 Limited (resigned on 25 June 2021)
	Founding Member	PNG Institute of Directors
	Graduate Member	Australian Institute of Company Director
	President	PNG/New Zealand Business Council
	Director	Paradise Company Limited (left in February 2021)
Professor David Kavanamur	Shareholder	BSP Financial Group Ltd Limited
	Shareholder	Credit Corporation (PNG) Limited
	Shareholder	Kina Securitates
	Director (NSL Nominee)	Gazell International Hotel Ltd
	Director (NSL Nominee)	Kumul Hotels Limited
	Shareholder	Oil Search Limited
	Trustee Director	Nambawan Super Limited
	Acting Managing Director	Kumul Consolidated Holdings Ltd
	Director	Institute of National Affairs
Director	Rabaul Microfinance	
Karen Gibson	Director/Shareholder	Praxton Group Pty Limited
	Director	International House (University of Queensland)
	Director	IOOF Investment Management Limited
	Trustee Director	Nambawan Super Limited
	Director	IOOF Limited
	Director	OnePath Custodians Pty Limited
	Director	Oasis Fund Management Limited
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Director

Lutz Heim	Director/Shareholder	Arkaba Professional Services PNG Limited (Provides part time consulting for KPMG tax practice- in house only with no client visibility or signing rights to correspondence. Mentoring of senior personnel).
	Director (NSL Nominee)	Kumul Hotels Limited
	Director	First Investment Finance Limited
	Trustee Director	Nambawan Super Limited
	Director/Shareholder	Yunkimp Pty Limited
	Director	Equito Pty Limited
		These two companies are registered in Australia and are associated with an Australian family trust and have no investments in PNG. They hold real estate and do not trade in shares.
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Director
	Member	CPA PNG
	Fellow Member	CPA Australia
	Member	Australian Institute of Superannuation Trustees
	Treasurer	St. John Ambulance of PNG
Richard Sinamoi	Director/Shareholder	Trans Pacific Assurance Limited
	Director/Shareholder	Kama Kofi Limited
	Director/Shareholder	Iomanis Agri Import Export PTE Limited
	Director/Shareholder	PNGPC Limited
	Director	Paradise Company Limited
	Director/Shareholder	Credit Corporation (PNG) Limited
	Director	Credit Corporation Finance Limited
	Director	Credit House Limited
	Director	Credit Corporation Industrial Limited
	Director	Era Matana Limited
	Director	Era Dorina Limited
	Shareholder	Kina Securities
	Shareholder	Oil Search
	Trustee Director	Nambawan Super Limited
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Directors



Dame Meg Taylor, MBE	Shareholding	Masi Investment Limited
	Shareholder	Panorama Gardens Limited
	Shareholder	Papua New Guinea Coffee Exports
	Director/Shareholder	Shilo Limited (Non-Trading company)
	Director	PNG Sustainable Development Program
	Advisor	Member of the International Advisory Panel-Asia Infrastructure Bank AIIB, Beijing, China
	Trustee Director	Nambawan Super Limited
	Member	PNG Institute of Directors
	Member	Australian Institute of Company Directors

Any directors' fees paid to Directors for being Directors as NSL nominees on certain boards are paid direct to the Directors.

## 22. Capital Management

The Capital of the Fund is represented by the Members' Funds. The amount of the members' funds can change significantly depending on the valuation of the assets and liabilities of the Fund. The Fund's objective in managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide a return to members and maintain a strong capital base to support the development of the investment activities of the Fund.

The Investment Committee, directors and management monitor capital on a regular basis. The Fund is subject to interest credit and reserving requirements of the Bank of Papua New Guinea and Superannuation (General Provisions) Act 2000.

## 23. Comparatives

There was no change in comparatives in this financial year that would require a restatement of the Statement of Comprehensive Income, Statement of Changes in Net Assets available for Benefits or Statement of Net Assets Available for Benefits.





For more information visit your nearest Member Service Centre, or:

 [nambawansuper.com.pg](http://nambawansuper.com.pg)  Free call 180 1599  Download app

Level 2, Deloitte Haus, Macgregor Street, Port Moresby