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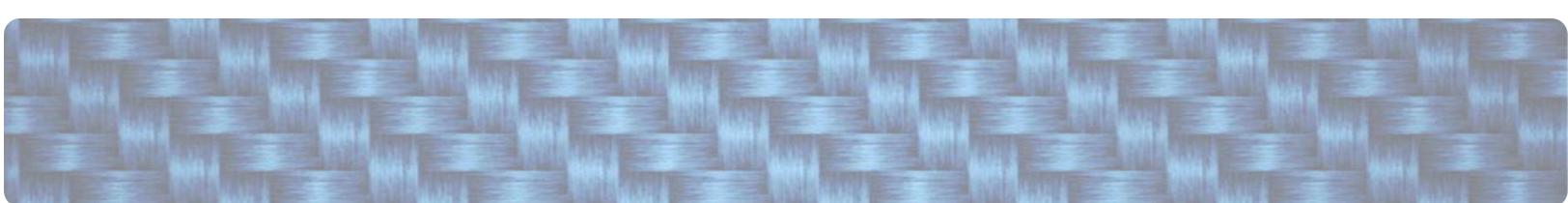
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STATEMENT TO PARLIAMENT

31 October 2022

Honourable Speaker

Legislative Assembly of Samoa

MULINUU

Dear Sir,

In pursuant of Section 15 of the Samoa National Provident Fund's Act, I present to the Legislative Assembly for discussion, the Samoa National Provident Fund's Annual Report for the financial year ending 30 June 2022.

The main objective of the Samoa National Provident Fund is to improve coverage of the scheme to include all workers in the country, collect contributions promptly and invest these funds to generate returns for members. Interest is declared annually and is added to members' contribution funds.

Inspired to accomplish its **VISION**: A prosperous **TODAY** and a secure **TOMORROW**

And **MISSION**:

- ✓ To extend coverage to all workers
- ✓ To provide efficient and effective services through best practices
- ✓ To maximise returns to members

Yours faithfully

Hon Mulipola Anarosa Ale Molioo

MINISTER OF FINANCE

TABLE OF CONTENTS

STATEMENT TO PARLIAMENT	1
HIGHLIGHTS FOR 2022	3
BOARD OF DIRECTORS	4
CHAIRPERSON'S REPORT	5
EXECUTIVE MANAGEMENT	6
CHIEF EXECUTIVE OFFICER'S REPORT	7
A. HIGHLIGHTS FOR THE YEAR	7
PHOTOS OF THE GOLDEN JUBILEE HIGHLIGHTS	8
B. OVERVIEW OF OPERATING PERFORMANCE AND RESULTS	11
MEMBER SERVICES	11
CORPORATE SERVICES	13
LEGAL SERVICES	14
INFORMATION AND COMMUNICATIONS TECHNOLOGY	15
INTERNAL AUDIT	16
C. OVERVIEW OF FINANCIAL PERFORMANCE AND RESULTS	17
FINANCE DEPARTMENT	17
INVESTMENT DEPARTMENT	19
D. CAPITAL EXPENDITURE AND PROJECTS	20
E. FUTURE RISKS AND UNCERTAINTIES	21
F. OUTLOOK FOR THE NEXT YEAR	21
FINANCIAL STATEMENTS 30 JUNE 2022	1 - 35

HIGHLIGHTS FOR 2022

Number of online users recorded was 31,046 compared to 8,796 last year.

Members contributions collected increased by 14% from \$114.7 million in 2021 to \$131.2 million

8.2% interest declared at the value of \$69.2 million – the greatest in SNPF history - ALL paid out in cash

Completed new Savaii Office Building project

Total Net Assets surpassed \$1 BILLION milestone

Total number of Active members recorded was 31,385

Launched Online portal for dividend payout and small loan

Total Net Profit was \$91.3 million in 2022, an increase of 6% when compared to \$86 million in 2021



BOARD OF DIRECTORS



Saoleititi Maeva Betham Vaai
CHAIRPERSON



Seulupe Michelle Macdonald
Employers' Representative



Masoe Norman Wetzell
Employers Representative



Lealiiee Rudi Ott
Private Sector Employees Representative



Rev Sunita Afereti Uili
Churches' Representative

CHAIRPERSON'S REPORT

I am happy to report on another successful year. The Fund reported a 4% increase from its investment income contributing to yet another record-breaking operational profit figure of \$91.3 million tala.

ACTIVITIES AND PERFORMANCE OF THE FUND

Operating and Financial Performance

Members contributions collected during the year was \$131.2 million, an increase of 14% when compared to \$114.7 million in the previous year. Despite the global economic downturn experienced in our country as a result of COVID-19, the Russo-Ukrainian war and other global shocks, the Fund had a strong financial year demonstrated by the 7% growth in reported profits.

1 Billion tala net assets

Congratulations are in order for the CEO, the Management and the entire team at SNPF for achieving their objective set-out in the previous financial year to reach 1 billion tala net assets – attained in June 2022. This milestone is a poignant and timely tribute as we celebrate the Fund's Golden Jubilee year.

Future Outlook

The Fund continues to foresee enhancement in its financial performance and position. We will continue to monitor our expansionary efforts relative to our investments offshore and lending products. These efforts will be tempered by a heightened consideration for national economic recovery in the aftermath of the COVID-19 pandemic.

CAPITAL & DIVIDEND INFORMATION

In a tough and challenging economic environment, the Board was nevertheless able to declare interest of 8.2% for members. The cost to the Fund was \$69.2 million tala – the largest ever dividend declared in its history.

DIRECTORS' INFORMATION

The Board endeavours to uphold the highest level of corporate governance as to ensure the protection of the best interests of its members. The Board held 8 meetings, the Investment Committee held 3 meetings and the Audit Committee held 3 meetings during the year.

The Board will continue to work with the management team to achieve better targets and milestones for the Fund.

Saoleititi Maeva Betham-Vaai

CHAIRPERSON

EXECUTIVE MANAGEMENT



LR :- Siligatusa Limasene Samau Tupou (Chief Investment Officer), Ana Vaise Aiolupotea (Manager Member Services), Aualiitia Sine Lafaialii Korua (Manager Legal), Pauli Prince Suhren (Chief Executive Officer), Mataia Fatuatia Saumalu (Manager Internal Audit), Lautimuia Larina Lemisio (Manager Corporate Services), Galuvaa Sheena Lesa (Chief IT Officer), Faalogo Luana Esera (Chief Finance Officer).

CHIEF EXECUTIVE OFFICER'S REPORT

It is with great pleasure that I report on the performance of the Fund for this financial year ending 30 June 2022. The Board and staff have worked hard to enhance the financial and non-financial performance this year and I am happy to report that those efforts have paid off to make 2022 the best year thus far.

A. HIGHLIGHTS FOR THE YEAR

Notable achievements accomplished during the year include:

Annual Dividend

The Board declared interest of 8.2% for members this year to the value of \$69.2 million tala all paid in cash to members – making this year's dividend the largest ever in SNPF history.

Record Net Assets

Total \$1 Billion Net Assets recorded for the year, a milestone achievement making SNPF Samoa's first and only billion tala institution.

Net Profit

Net Operational Profit for the year was \$91.3 million; a 7% increase from the previous year's net operational profit.

Members Contributions

Members' Contributions collected during the year was \$131.2 million, an increase of 14% when compared to \$114.7 million in the previous year.

SNPF Golden Jubilee

This year was the Fund's Golden Jubilee year celebrating its 50th anniversary since establishment in 1972.

In considering the prevailing economic situation post-COVID and the recovery efforts currently undertaken by government and other national stakeholders - the Fund's Board resolved to pay out an unprecedented 100% cash payout as a unique contribution to inspire economic growth.

Distribution of interest to members were as follows:

- 3% cash payout on 12 April 2022
- 3.2% cash payout on 1 July 2022
- 2% cash payout on 1 December 2022

Total costs of payout: \$69.2 million

Special donation to 13 charitable organizations of \$10,000 per organization was paid out as part of the Jubilee special payment.

In addition to above a special one off gift to senior citizen pensioners registered under the Senior Citizen Benefit Fund of \$50 per pensioner to the total value of **\$580,000**

New Savaii Branch Office

The Fund also celebrated its 50th anniversary with the grand opening of its first ever wholly-owned building in the big island of Savaii. The new office is a two-story building, with our main office situated on the ground floor. The rental spaces are being leased by BSP Bank and the Immigration department of the Ministry of the Prime Minister and Cabinet. On the second floor, is the only state-of-the-art conference room of its kind on the Big Island to cater for office meetings and trainings.

This completed project is a testimony of the Fund's commitment to improve its services to our members. We are very proud of this project as it stands as a monument to commemorate not only the SNPF 50th anniversary but also the celebration of the 60th year of Samoa's independence.

PHOTOS OF THE GOLDEN JUBILEE HIGHLIGHTS THANKSGIVING SERVICE



FLOAT PARADE



OPENING OF SAVAII NEW OFFICE



B. OVERVIEW OF OPERATING PERFORMANCE AND RESULTS

MEMBER SERVICES

Active Members

The number of active members at year end was 31,385 a decrease of 952 or 3% when compared to the previous year of 32,337.

There wasn't much movement in the number of active members for the Fund throughout the year. This was mostly due to loss of employment for much of the workforce in the private sector, mainly the tourism industry, brought about by the effects of Covid19 on our economy. However, we have seen an increase in Voluntary contributors who have registered with the Fund both for local as well as overseas members, including those on the Recognized Season Employer Scheme (RSE).

Contributions

Members' Contributions collected during the year was \$131.2million, an increase of 14% when compared to \$114.6 million in the previous year. This increase in contributions collected can be attributed to better compliance measures taken by Management as well as the increase in public sector salaries because of the general wage increase approved by Cabinet.

Withdrawals

The total of withdrawals made during the year was \$64.8 million, an amount roughly on par with the \$65 million figure from the previous year.

Employers

The total count of employers was 1917 at year's end compared to 1957 last year, a decrease of 40 or 2%. A total of 149 new employers registered this year.

The Fund continues to place value in building relationships with employers to ensure there is a mutual effort from both sides in meeting their obligations. Despite the financial struggles throughout the last financial year, the Fund acknowledges the commitments and efforts shown by our employers for the benefit of our members.

Improvement to Processes

The Fund recognizes the importance of providing fast and efficient services to all our members, hence why we continue to utilize our new ICT system in place to ensure processes run smoothly. Our Awareness Campaign continued in the last financial year to raise member awareness with regards to services offered and benefits of becoming a member of the Fund.

The total number of members who have now signed up for Online Access Services at the end of financial year 2021-2022 was 31,046 compared to 8,796 at the end of the previous financial year. The Online Portal service enabled members to check their NPF account balances anytime from any device, process small loans and enabled payment of special dividends to member bank accounts. This service was especially beneficial to our members during the covid 19 lockdown restrictions when members were not able to visit the office.

Interest/Dividend

The Board approved and declared an interest of 8.2% for the financial year ending 30th June 2022 at a cost of \$69.2 million tala – the largest ever dividend by value in the history of the Fund. Furthermore, in another milestone, the Board decreed for the full amount to be paid in cash – something never done before.

In comparison to other provident and superannuation funds in the region, SNPF continues to lead the pack in terms of interest declared. See Table 1 below.

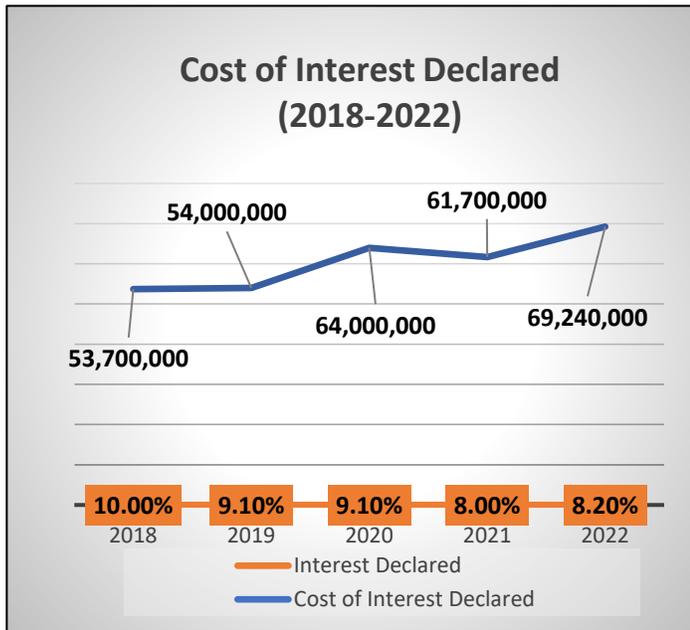
ORGANISATION	INTEREST
FNPF (Fiji)	5.0%
SINPF (Solomon Islands)	6.0%
VNPF (Vanuatu)	1.3%
NASFUND (PNG)	6.0%
NAMBAWAN (PNG)	6.5%
RFB (Tonga)	3.3%
NRBF (Tonga)	4.2%
TNPF (Tuvalu)	3.0%
KPF (Kiribati)	5.5%

Table 1

Pension Scheme

For the Retiree Pension Scheme, 173 retiree pensioners remained at year end, a decrease of 5% when compared to 184 in the previous year. A total of 107 pensioners and 66 beneficiaries remained at year end. No new pensioner for this FY 2021 – 2022.

The total cost of the retiree pension for the year was \$447,338 a decrease of 5% when compared to \$472,418 in the previous year. The pension pool was \$1.8 million at year end, a decrease of 19% from \$2.3 million in the previous year.



Graph 1

Death Benefit

The Special Death Benefit is \$5,000. Total Death benefits paid out during the year was **\$736,664** a decrease of 5% when compared to the previous year at \$778,750.



CORPORATE SERVICES

Our Corporate Services division oversees the various aspects of human resource management within the Fund, such as compliance with labour laws and employment regulations, administration of employee benefits and recruitment and retention of employees. We also ensure that employees are well-versed in their area of expertise and essentially our purpose is to maximize productivity by optimizing the effectiveness of our employees.

The division encourages further studies to attain higher qualifications whereby flexible hours are offered so that employees can attend lectures and tutorials during working hours. Financial rewards are offered for courses successfully passed and for completion of qualification. Special leaves for study and exams are benefits available for employees who are willing to develop themselves academically. The Fund also offers an Education Loan Scheme that the staff can utilize for payment of tuition fees and to purchase much-needed resources such as text books and laptops.

Staff Development

We organised an annual training programme for staff and we covered the following areas:

- ✓ Induction training for new recruits
- ✓ Training on investment policies and lending products
- ✓ ICT systems refresher trainings
- ✓ Ongoing department internal refresher trainings
- ✓ External trainings provided by Public Service Commission and Chamber of Commerce

Employment performance appraisals are done annually whereby the performance of each individual staff members are evaluated and measured focusing on their key performance indicators. Staff are rewarded through a bonus scheme based on results of performance appraisal.

STAFF COUNT AND MOVEMENT

The Fund had a total of 145 staff members at end of June 2021. During the reported year, 22 new staff members were recruited and 18 ceased services from the Fund. Staff resigned due to migration and promotion to other offices. This brings a total staff number at the end of June 2022 to 149.



LEGAL SERVICES

The Legal Department oversees all legal matters for the Fund, in particular; the recovery of funds from loan accounts transferred from the Investment division, recovery of members' contributions from employer accounts, provide opinions and advice to the Board and Management and represent the Fund in any legal proceedings involving the Fund.

The total value of Investment loans with the Legal Department at the beginning of the financial year was \$20.8 million or 10.15% of the investment loan portfolio with arrears of \$3.1 million. The outstanding balance was made up of total of 138 bad accounts.

At the end of this financial year, the total value of investment loans with the legal department was \$23.6 million or 11.48% of the investment loan portfolio with \$3.5 million in arrears. This outstanding balance is made up of 143 bad accounts referred to the legal team for recovery.

The total receipts for this financial year was \$4.9 million which is 53% higher than the previous year's collection of \$3.2million. The legal team strives to ensure that recovery is consistent and stringent especially given the fact that investment accounts are continuously referred to the legal team for recovery. From its investment portfolio at the end of the financial year, the legal recovery team were able to settle 23 accounts with a total amount of \$1,595,315.29.

With regards to employers' accounts referred to Legal for recovery, contributions collected for the 10 Active Employer accounts with the legal department amounted to \$61,306.46 at the end of financial year whereas surcharge payments amounted to \$4,444.00.

At the beginning of the year, arrears relative to members' contributions was \$1,953.99. This amount is made up of 1 Inactive Employer account. This amount increased to \$10, 586.71 when one active account was referred to the legal department sometime in May 2022.



INFORMATION AND COMMUNICATIONS TECHNOLOGY

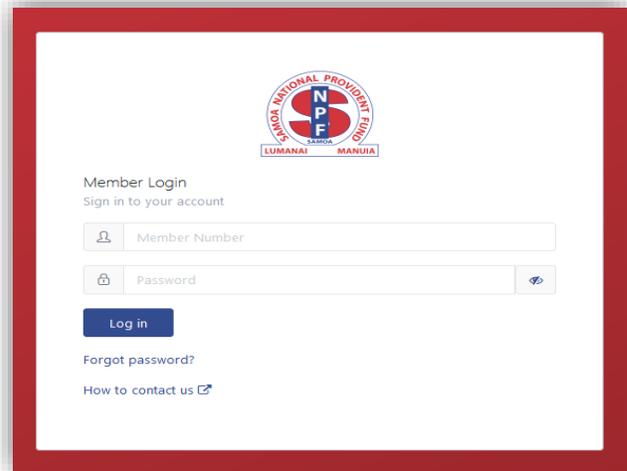
The ICT department aims to provide excellent customer experience through effective utilization of technology, improve efficiency of the Fund's information systems and ensure effective ICT security and governance strategies are implemented. The Fund continues to offer additional services for its members through mobile digital platforms and via its established members portal. The ICT department had set several milestones for the Fund in Fiscal year 2022 such as enabling a complete online experience for its annual interest member payments, online small loan applications and continuous drive to increase improve member services.

Digicel MyCash and Vodafone M-Tala Mobile Services

The Fund had established a close partnership with the local mobile service providers Digicel Samoa and Vodafone Samoa to offer alternative options for our members. These options include the capability to disburse senior citizens pension payments, enabling payments of NPF contributions and member loans through the utilization of the Vodafone M-Tala and Digicel Samoa MyCash mobile applications. Extensive testing was conducted to ensure smooth operations and the new services are scheduled to launch in the new Fiscal year.

Digital Transformation continuation SNPF Native Mobile Application

The Fund continues to invest in providing the best services for its members and progressing its digital transformation journey with the development of the SNPF Native Android and iOS mobile application where some of its core services will be made available to the members. The native app is scheduled to launch in early 2023.



COVID19 Impact and Online Services

The COVID19 pandemic and the Samoa state of emergency orders impacted the Fund's daily operations in March 2022 and affected

engagement with its members when social distancing rules were enforced as a health measure. To provide effective and efficient services to our members during the pandemic, the Fund through its management team decided to make available some of its critical services on the SNPF Members Portal. These include the ability to apply for a Small Loan and apply for Special Payment online.

In April 2022, the Fund declared an interim dividend and the payout process was done completely online, thus setting a historic milestone for the Fund as a first ever successful online dividend payout operation. In addition, member registration for the online services increased with members providing positive feedback for the new services that also enabled them to save on traveling costs to the SNPF office, adhering to social distancing and improved efficiency. The Fund utilized its social media page for announcements during the country wide lockdown periods and Microsoft Teams to conduct virtual meetings.

INTERNAL AUDIT

The duties and responsibilities of the internal audit function is mandated by the Internal Audit Charter of the Samoa National Provident Fund. The Internal Audit staff continues to work closely with the Audit Committee in ensuring we are diligent in exercising our roles as an independent, objective assurance and consulting activity designed to add value and improve the Fund's operations.

Fiscal year 2022 was a very challenging year for the Internal Audit Team. During the year our works as dictated by risk-based management and internal control processes were directed mostly at areas where tests have indicated the highest risks for the Fund and especially with the impact of Covid 19 on the Funds Operation. Covid restrictions has accelerated the Funds decision to enable its online portal services to its members to request small loans, dividend payments and other special payments without making personal appearance to office. This has increased cyber security risks for the fund and IA has worked with IT and Management to ensure all potential risks are properly managed. Also during this year we had emphasized our work in both Finance and Investment areas carrying out audits and reviews in all portfolios of financing offered by the Fund to our clientele.

The Fund had diversified its products onto more new areas and has necessitated for us the checks and close work with the team to ensure controls are in place and functioning well. We also continue monitoring the Funds Finance Management System (FMS) on quarterly basis carrying random tests and review of processes and reports to ensure controls are effective.

Internal Audit also continue performing a number of Pre-Audits review functions mainly on payments with significant amounts and Large Investment loans compliance. Pre-audits are reviews of invoices, contracts, purchase orders, and other requests for funds to substantiate a transaction or series of transactions before they are executed and recorded. The pre-audit has been widely used to ensure that transactions are accurate in all respects and deficiencies are identified and rectified even before cash ever leaves the Fund's account. Basically, pre-audits are supportive to guard against things going wrong in the organization than waiting to do post-mortem correction as one core function of internal audit.

Internal Audit also carried out a number of non-schedule investigation for different purposes requested by the CEO. We also continued working with IA forum lead by MOF in carrying out cross function government audit during the year.

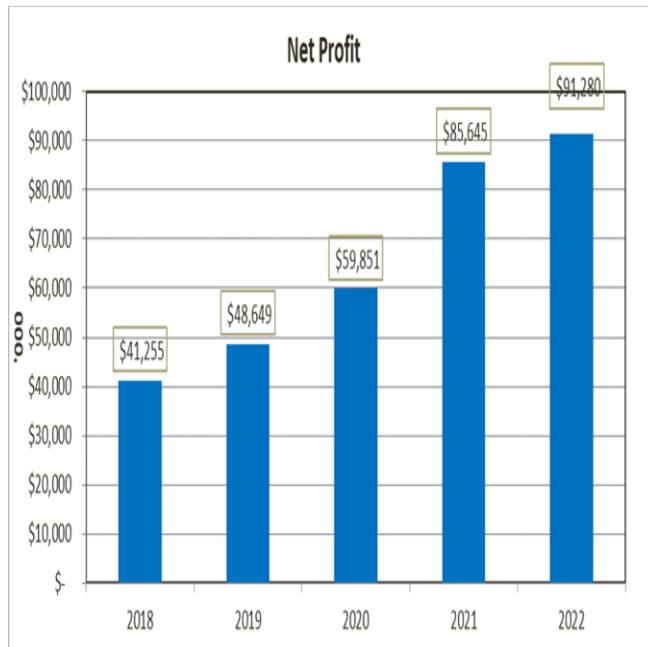


C. OVERVIEW OF FINANCIAL PERFORMANCE AND RESULTS

FINANCE DEPARTMENT

Financial Performance

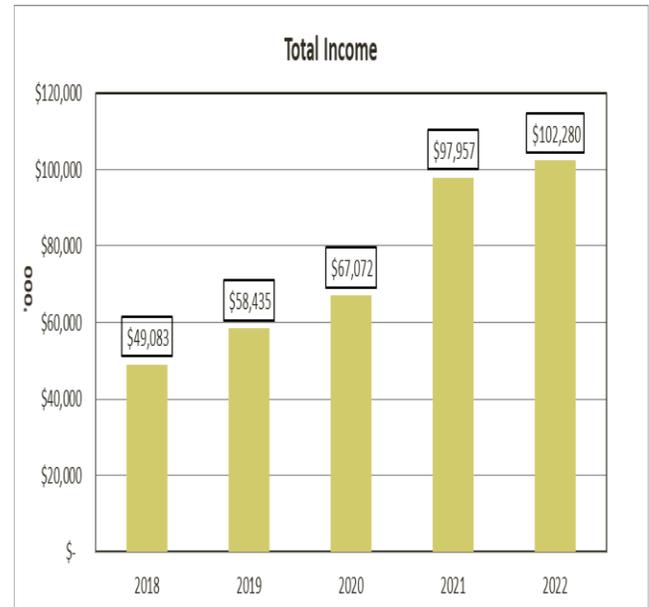
Net Profit



Graph 2

Net Profit of the Fund as at 30th June 2022 is \$91,280,602 (Graph 2). This is attributed primarily to growth in interest revenue from the lending portfolio, the exceptional performance of the offshore investment, gains from revaluation of investment properties and stringent controls over spending by maintaining actual total expenditure.

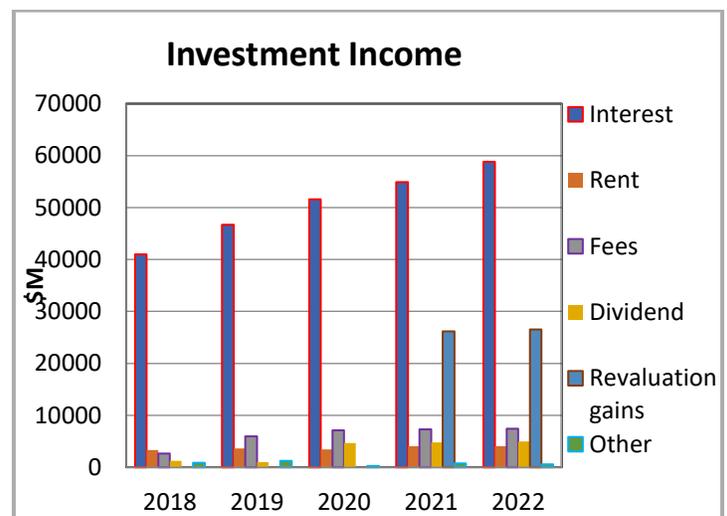
Income



Graph 3

Total Income for the year is higher by 4% compared to previous year and 55% compare to budget.(Graph 3)

Investment Income

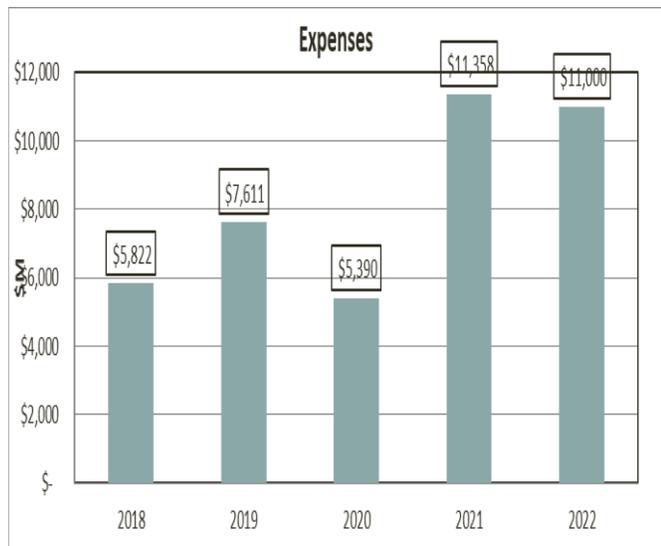


Graph 4

An overview of the past five years illustrates the Fund’s heavy reliance on the interest revenue from its lending portfolio and its growth over the years as shown in the Graph 4 above. The major income components where the Fund generates its’ income from are primarily interest earned from loans portfolio, rental properties, services fees and dividend income. \$58.8 million was generated from loans portfolio July 2021 – June 2022. Rental income from SNPF various properties earned \$4.0 million revenue, Dividend income earned \$4.9 million and Service fees earned \$7.4m. Another significant increase was from revaluation gains of investment properties as the Fund adopted IAS 40 this year resulted to significant increase in investment income.

Expenses

Total expenditure (exclusive of depreciation) for this year is 10% lower compared to 2021.



Graph 5

Financial position

As of 30 June 2022, the Fund’s statement of financial position remains strong with healthy cash reserves and an overall \$1.0 billion net asset position.

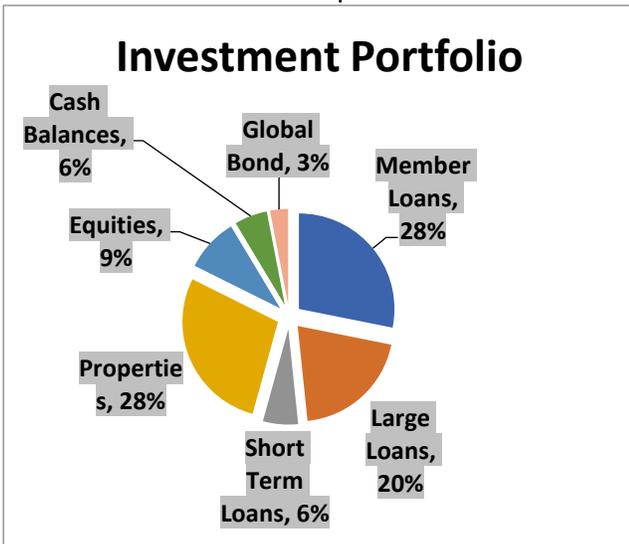


INVESTMENT DEPARTMENT

INVESTMENT PORTFOLIO

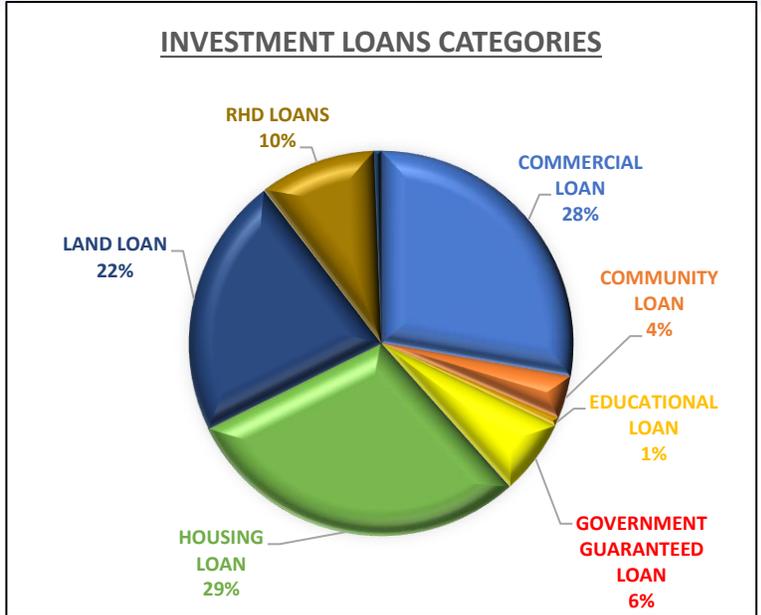
Whilst the Funds lending activities in terms of ‘Large loans’ were frozen for the longest period of 6 months due to the uncertainty in employment brought about by the pandemic, the team has been vigilant in its effort to generate returns for the member’s funds by capitalizing on other Investment streams under its Strategic Investment Framework (SIF) such as global bonds, equities and member loans.

The value of the Investment portfolio at year’s end is **\$1,038,834,142** billion tala. It is primarily made up of loans and advances which account for over 54% of the total portfolio, properties at 28%, offshore investment (global bond) of 3%, equities at 9% and cash balances at 6% to achieve a well-diversified portfolio.



Graph 6

The different categories of the current investment loans portfolio are depicted in **Graph 7**

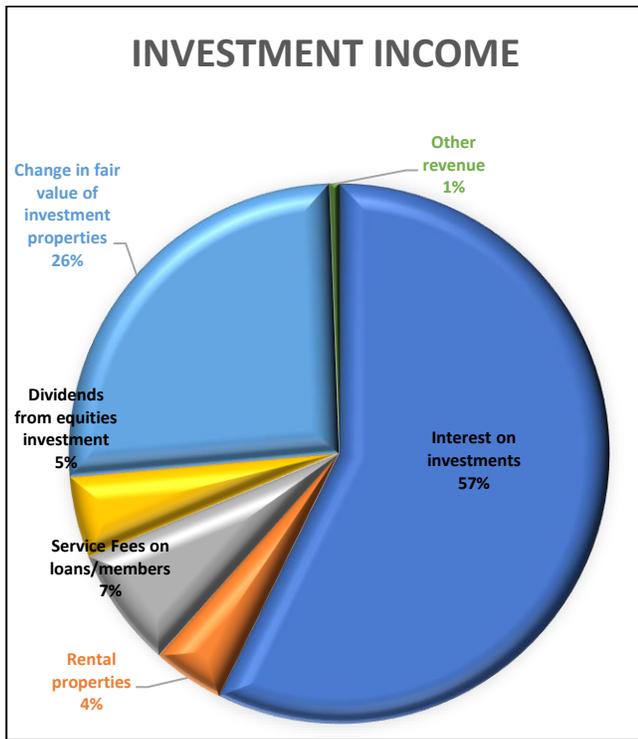


Graph 7



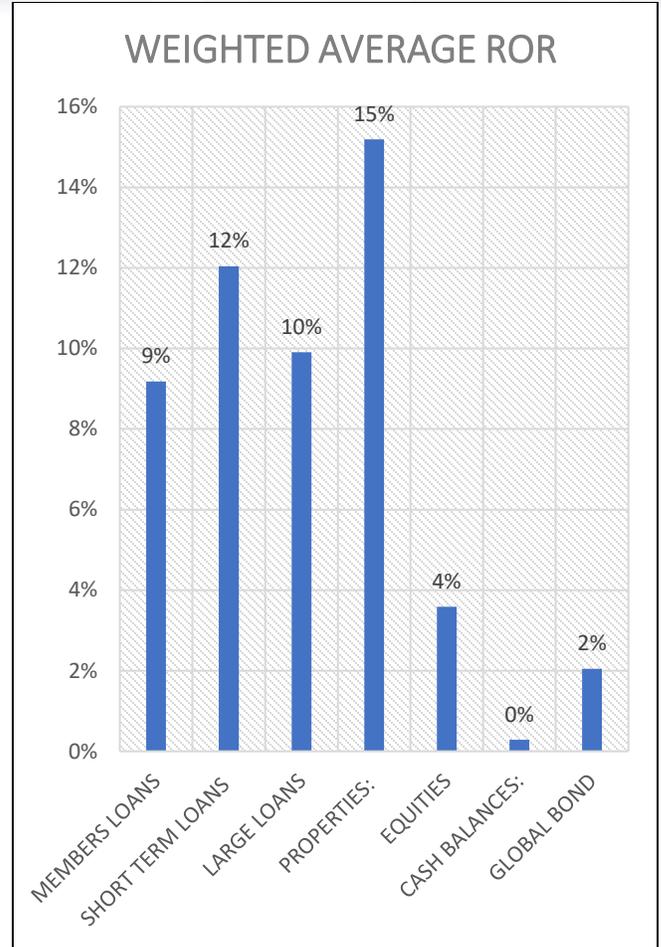
INVESTMENT INCOME CATEGORIES

Income earned from Investment activities including interest, service fees, rental charges, and dividends continue to be the major source of revenue items for the Fund, at about 73% of total income whilst 26% is from the significant change in our properties fair value with only 1% from other investments by the Fund as depicted in **Graph 8**.



Graph 8

Graph 9 below illustrates the respective Rates of Return (weighted average) on each asset class of investment. The Rates of Return (RoR) are derived by taking the income over an average of each asset class in the Investment Portfolio during the year. The Lending Portfolio performed well as usual. The properties portfolio improved significantly with the change in fair value of assets from our last revaluation as the major impact as well as from our last projects including the SNPF New Building in Savaii.



Graph 9

D. CAPITAL EXPENDITURE AND PROJECTS

Major capital expenditures/payments incurred during this financial year are as follows:

Category	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year to Date
Land & Building	8,553	7,800	-	7,955	24,307
Motor Vehicle	-	-	-	-	-
Computer System	-	40,980	-	42,483	83,463
Fixture & Fittings	-	-	-	-	-
Plant & Equipment	153,582	14,670	81,855	461,829	711,936
WIP*	940,414	428,038	140,687	221,258	1,730,397
Total	1,102,549	491,488	222,543	733,524	2,550,103

*Work in progress - Savaii Building - New and other properties renovations)

Table 2

E. FUTURE RISKS AND UNCERTAINTIES

COVID-19 Pandemic & War in Ukraine

While the year saw the expected opening up of borders around the world as the COVID-19 pandemic finally receded bringing back renewed hope for an accelerated global economic recovery, the outbreak of the Russo-Ukrainian war in February 2022 brought about much unwanted uncertainty.

The resulting rise in oil-prices, hyperinflation, stock market uncertainty and a seemingly continuing economic contraction for the country remain stark indicators for the Fund Board and Management to take heed of as we move forward.

We shall tread carefully indeed.

F. OUTLOOK FOR THE NEXT YEAR

2022 has been an awesome year! From our widely successful Golden Jubilee celebrations, the record dividend payout, the record profit achievement, the 1-billion tala portfolio milestone, the opening of our new Savaii Building to the launching of our new online services and so many other things! God has been so good!

For 2023, we are looking forward to the following amongst others;

- Our first co-investment project with our PIIF partners across the Pacific
- The launch of our native APP – online one stop shop for key SNPF services
- The expansion of our voluntary contributions' product

FINAL THOUGHTS

In our 50th year and what has indeed been our greatest year so far, the Lord God Almighty has poured out the abundance of his favour on SNPF. All the glory, the praise and the thanksgiving be unto JESUS' name and HIS name alone.

I thank and acknowledge the great vision and steadfast support of the Chairperson and the Board of Directors for the work of the Fund this year.

To my amazing management team; a big note of thanks and gratitude for all the hard work put in. I am honoured and privileged to lead such a remarkable and dedicated group of people. – the best management team in the country.

Last but not least, I would like to express the greatest appreciation and gratitude to all my staff for their hard work and hard-headed enthusiasm that continues to enable the Fund to conquer new heights, break new barriers and set new records.

Let us keep marching on together for a prosperous today and a secure tomorrow! By the Grace of God.

Yours sincerely,

Pauli Prince Suhren
CHIEF EXECUTIVE OFFICER

