

Comrade Nius

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Comrade Trustee Services Ltd (CTSL) Announces its 2019 Financial Results

Fund Size K598.64 Million

Net Surplus K31.3 Million

Credit Rate 6.5% (K15m)

Total Members 5873



Comrade Trustee Services Limited, Trustee for the Defence Force Retirement Benefit Fund (DFRB), recently announced the 2019 financial results for DFRBF. A crediting rate of 6.5% representing K15 million have been paid into member accounts.

The announcement was made by Statutory Manager Sitiveni Weleilakeba, CEO Charlie Gilichibi and PNGDF Commander, Major General Gilbert Toropo at the CTSL Boardroom in Port Moresby.

Statutory Manager Sitiveni Weleilakeba while announcing CTSL's 2019 financial results said the Fund grew by 4.7 per cent in 2019 to K598.64 million from its 2018 size of K571.85 million.

Mr Weleilakeba said the funds profitability was increased by K31.3 million from K23.85 million in 2018 (32.3 per cent) in its net surplus while the return on investment was a slight increase to 7.35 per cent from 6.8 per cent in 2018.

He said other highlights included the K5 million surplus distribution paid to Pensioners, BPNG's approval for the continuation of the Toea Homes Project and PNG DF Commander's approval waiver of restrictive covenants.

This year 2020 will be another challenging year but we want to make sure the Fund is cushioned from the impact of Covid-19.

Statutory Manager's Desk

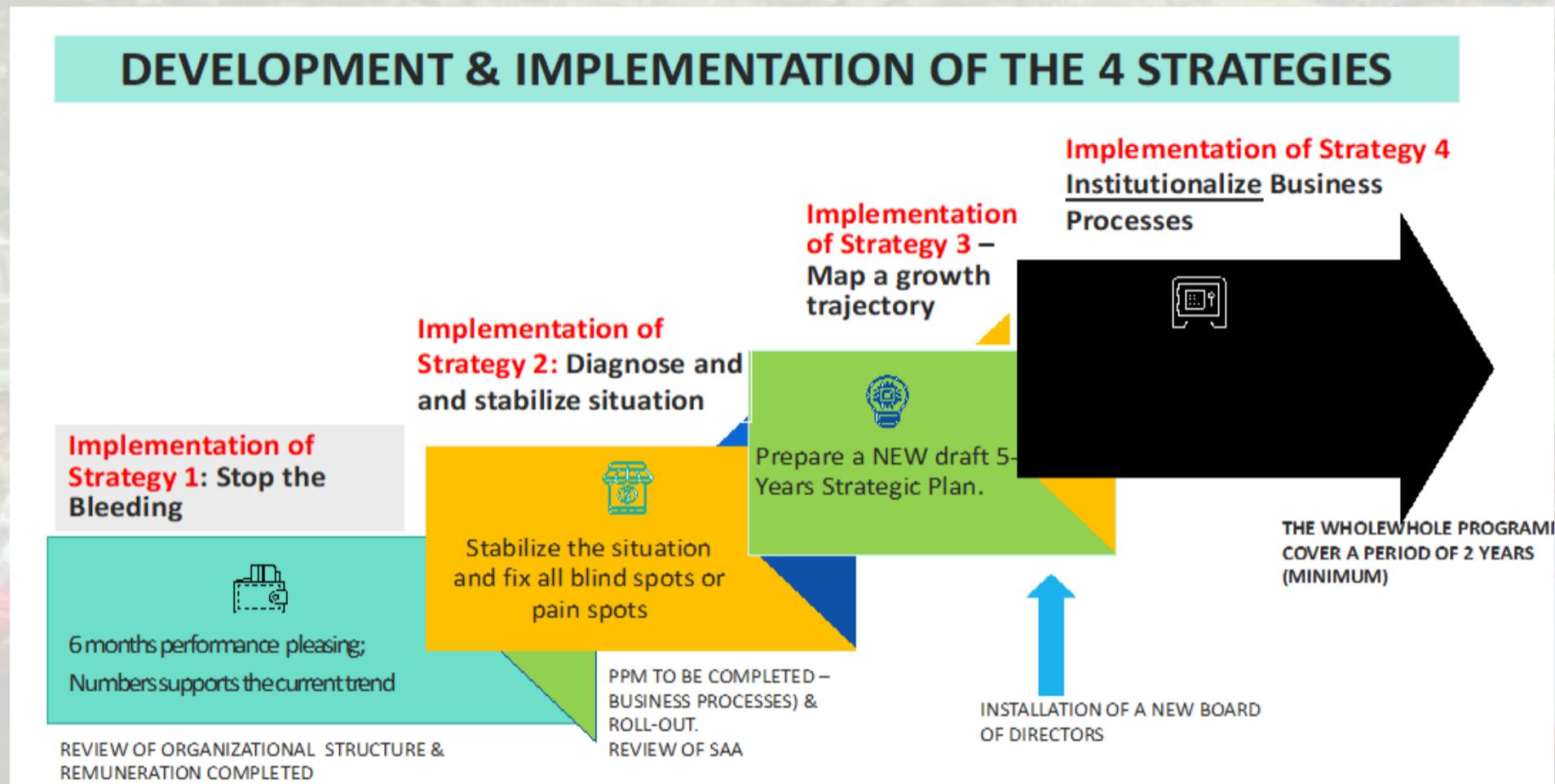
PART 3 – THE WAY FORWARD AND THE FUTURE

CTSL's Business Plans for FY20 was formulated after a careful and deep assessment based on assumptions that can influence the performance of our operational budget for FY20.

In our planning we did scenario analysis to ensure that our plans are robust enough to withstand external and internal shocks. This is known as "stress test".

These Business Plans had to align to my 4-piece strategy that was guiding me in the execution of the tasks given to me by the Bank (BPNG). The main task is to address short-term issues and lay a robust strategic plan that will propel the company forward with strong foundation that will sustain the growth of the fund into the future.

The picture below covers the implementation of my 4-piece strategy.



We have introduced **Balanced Scorecard** as a tool to measure progress on performance in alignment with the four (4) piece strategy.

Strategy 1. - has been successfully implemented. The CEO has been appointed and he commenced work in early January 2020. As a consequent of this appointment, I was able to delegate in full the operational responsibilities to the new CEO, who you all know now – Mr. Charlie Gilichibi. This allowed me to focus my energy and attention to the execution of other pertinent plans to address issues of concern to the Bank and to the Fund.

Strategy 2. - This deals with stabilizing the organization's finances and unbundle areas which affects performance. This requires taking corrective measures in addressing the "pain-spots" that negatively affects the organization efforts to move forward

There are three (3) significant pain-spots identified at the early stage of implementing Strategy 1 which calls for urgent attention and they are:

1. Fixing Toea Homes and put in a program that addresses the question of liquidation as a matter of urgency;
 2. Re-configure the property portfolio aimed at improving and lifting annual performance from where it current sit; and
- Fixing the IT platform which drives the back office operations.

Item 3 articulated above has been delegated to the CEO based on his experience, skills and capability and that was one of the key criteria for selection of the CEO. Therefore, my focus in the next 6 months is to put in train Action Plans and implement them to ensure early resolution to those issues articulated in Item 1 and 2. ***Insight to these plans will be discussed in our May & June Edition which will coincide with our visitation to all Barracks.***

In summary I wish to re-emphasize the following:

Like a military commander, I have opted for a path not many will follow but it will take a lot of courage, passion and fire-in-the-belly to win this war. There was a “dim light” at the end of the tunnel that was all I needed to motivate me to go for it and don’t look back. The word **DEFEAT** does not exist in my dictionary. Therefore, your understanding from where we were in the face of adversity, where we are now and what we are doing to secure you and your family a better future is all we need.

This to us is our moment in history to stand up and be counted when it matters most. **No retreat, No Surrender!!** We have learnt from the mistakes of the past and I can assure you and say that during my watch it won’t be repeated again.

Vinaka Vakalevu and Boina tuna!!!

GOOD LUCK TO YOU ALL AND MAY OUR ALMIGHTY LORD BLESS US IN THIS CHALLENGING TIME.

CEO's Desk

One of the priorities delegated to me as CEO by Statutory Manager is to work aggressively to recoup the unfunded State liability for members. On reviewing and understanding the dynamics and relationship with the Treasury Department, I identified a roadblock, due to the issue of pensions over payment, and CTSL then, incorrectly informed the Treasury Department that it was an overpayment from State to DFRBF.

Background Information:

- There’s roughly about 216 members still owed an estimated K25m from the State for the employer 8.4% plus accumulated interest that goes back to May 2018.
- The legacy issue of pensions overpayment from 2014-2017 is a “thorn on the side”. That to the best of CTSL’s judgment is what may probably delaying the State (Treasury Department) from fulfilling its obligation in settling the full K25m. That was a result of previous Board and Management decisions and communication with Treasury Department, which informed the State that there was an over payment from the State to DFRBF. However, when the Statutory Manager and I resumed, we unraveled the complexity surrounding that

matter and identified that DFRBF was underpaid by the State.

- My priority right now is to fix the “thorn on the side”, the previous incorrect communication to Treasury Department. Once that is addressed, then we can change the dynamics for them to feel comfortable that the K25m (8.4% + accumulated interest) unfunded for Accumulation members is genuine. It’s a mental picture or position that the Treasury Department were incorrectly given by CTSL, that needs to be resolved.

With the Statutory Manager, we will have wished this legacy issue was resolved in 2018 when it came up so our members are not impacted negatively. However, it is what it is and we’re doing everything, every day to get some good outcomes from the Treasury department:

Firstly, to correct their misunderstanding that the State overpaid DFRBF, and

Secondly, engage strongly to get the K25m outstanding State liability for retired ex-servicemen. **We won’t rest until what our members deserve is settled.**

COVID 19 - UPDATES

PNG Superfunds Association had series of meeting with the Hon. Prime Minister during the shutdown period. The meeting was in regards to what Superfunds can provide to give relief to the severe impact of COVID – 19, not only to the PNG economy, but more importantly to workers who have lost their jobs. CTSL approach to this matter was from an industry perspective where our association of superfunds in PNG was the vehicle used to voice our opinion on this matter. From the outset impact of COVID 19, it will affect individual Superfunds in different ways.

For example we have invested in SP Brewery. Due to reduced level of consumption or people drinking SP brands will affect the income of the brewery and indirectly affect our financial performance.

PNGDF will not expect any job losses given your role in such crisis. Government commitment to pay their dues to CTSL will be affected seriously due to the crisis. The good thing is that CTSL has adequate cash flow to cover for a period of 24 months if this situation persist.

We will continue to be vigilant in terms of the impact pose by the pandemic. This global crisis will surely test our ability to trade off and ride this crisis without too much damage to our portfolio. In the life of your Fund, this would be the most challenging time it has ever faced. CTSL has measures in place to cushion the early impact of this crisis. We are working closely with our advisers on this issue particularly our Licensed Fund Investment Managers - Frontiers Equities Limited.

**PRESENT YOUR DFRB MEMBERSHIP ID
CARD AT THE FOLLOWING SERVICE
PROVIDERS AND RECEIVE INSTANT
DISCOUNT**

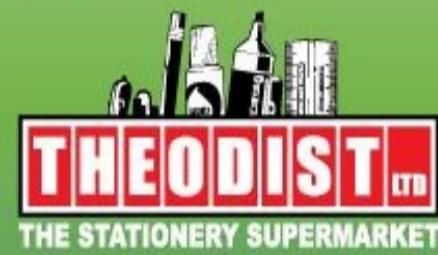


DFRBF Member Discount Program

K50 Discount



10% Discount



15% Discount



*Discount will be calculated upon
presentation of your DFRB ID Card*



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