

**ASSOCIATION OF SUPERANNUATION FUNDS OF PNG INC.
MINUTES OF MEETING NO.10 OF 2004.**

DATE : Wednesday 10th November 2004
TIME : 9: 30 am
VENUE : NASFUND Board Room

1. MEETING OPENED

The Chairman, Mr. Chris Hagan opened the meeting at 9.45 am.

1.1 Members Present:

:	Chris Hagan	-	AON
:	Rod Mitchell	-	NASFUND
:	Ian Tarutia	-	NASFUND
:	Erastus Kamburi	-	NASFUND
:	Mathew Awari	-	OTML Super Fund
:	John Mahuk	-	Maritime Workers Super Fund
:	Richard Sinamoi	-	CTSL

1.2 In Attendance:

:	Lutz Heim	-	Deloitte Touche Tohmatsu
:	Chris Lee	-	Central Bank
:	Ellison Pidik	-	Central Bank
:	Benek Beriso	-	Central Bank

1.3 Apologies:

:	Leon Buskens	-	POSF
:	Wayne Smith	-	POSF
:	Stephen Brown	-	Kina Securities Ltd

1.4 Quorum.

The Secretary confirmed that there was a quorum to lawfully convene the Meeting.

2. Deloitte Letters

The Chairman welcomed Mr. Lutz Heim from Deloitte to the meeting and advised the members that the meeting would deal with Deloitte Letters first in order to allow Mr. Heim to be excused earlier.

2.1 Eligibility Age and Concessional Tax Rates

Mr. Lutz Heim spoke to the paper.

It was resolved to adopt the recommendation to the Task Force to:

- Amend the Superannuation Act in line with the Income Tax Act so that the eligibility age for the withdrawals of benefits is 50 years and not 55 years; and
- Amend Section 46B(1) of the Income Tax Act to read “paid in lump sum or in partial payments pursuant to the Superannuation Act 2000 in consequence of retirement from, or the termination of, an office or employment”.

- **Amend Section 46B(4) to conform to the prescribed conditions as proposed.**

Motion moved by Chris Hagan. Seconded by Rod Mitchell. All in favour.

2.2 Expatriate Superannuation.

The members noted the paper from Rod Mitchell and Deloitte. Mr. Lutz Heim of Deloitte spoke to the paper.

It was **resolved to adopt the recommendation to the Task Force to:**

- **Amend Section 10(2) of the Superannuation Act so that contributions by non-citizens are made voluntary so that the non-citizen makes that election at the time of signing the contract of employment; and**
- **Amend the Act to include non-citizen contributors at par with citizen employees on withdrawal of benefits; and**
- **Amend the Act to allow non-citizen contributors to withdraw benefits if remaining unemployed for three months.**

It was further **resolved that time should be allowed to the members of the ASFPNG to consider and comment on the recommendation relating to:**

- **Voluntary contributions by citizens and non-citizens should be rewarded by tax incentives on salary and wages tax; and**
- **Income tax and BPNG approval procedures be relaxed or withdrawn for repatriation of superannuation benefits; and**
- **The current threshold of the deductibility of employer contribution of 15% should be increased to 20% to benefit expatriates and Papua New Guineans.**

Motion moved by Rod Mitchell. Seconded by John Mahuk. All in favour.

2.3 Mr. Lutz Heim informed the members that if approved by the ASFPNG, Deloitte Touche Tohmatsu would be able to draft the proposed amendments to the Income Tax Act and the Superannuation Act for submission to the Task Force.

2.4 The Chairman excused Mr. Lutz Heim from the meeting at 9:50 am.

3. Minutes of the 9th Meeting of 22nd July 2004

3.1 It was **resolved** that:

- **The Minutes of the 9th Meeting of 22nd July 2004 be accepted.**

Motion moved by Chris Hagan. Seconded by Ian Tarutia. All in favour.

4. Matters Arising/ Review of Action Summary.

4.1 Insider Trading

The Chairman advised that the ASFPNG is still waiting for a response from the BPNG in relation to its letter on the issue.

Chris Lee of BPNG informed the members that this is an issue that is handled by a separate body and not the Division headed by Ellison Pidik. However Chris Hagan will forward a copy of the letter to Ellison Pidik to follow up on the progress of the matter.

4.2 Education Program.

The Chairman enquired as to the progress of the Education Committee.

Richard Sinamoi advised that various matters pertinent to the program was considered by the Committee including the exposure of industry members to the public but the systems will have to be tested to identify target areas for education campaigning.

It was **resolved** that:

- **The Committee prepares a Paper and circulates it to all the members for their comments.**

5. Recommended Fee Structure

5.1 Committee Paper

The members noted the Paper prepared by the Committee and the proposed recommendation.

It was **resolved** to:

- **Adopt the recommendation of the Committee as the policy position of the ASFPNG.**

5.2 BPNG Response

Ellison Pidik circulated the program for administration of fees and explained that:

- In relation to 2003 fees, further notices will be sent out to the License Holders in November and December 2003. If the fees are not paid then the License Holder will by 1st January 2005 become unlicensed and the funds will immediately be transferred to another License Holder.
- In relation to 2002 fees the License Holders will pay the fees wherein BPNG will consider the recommendation of the ASFPNG for change in the fee structure and where possible 2004 fees could be adjusted to compensate the 2002 fees.

6. Amendment to Section 96.

6.1 Rod Mitchell spoke to the Paper.

6.2 Mathew Awari had reservations as to its implementation of the proposed amendment. John Mahuk expressed that he was against the proposed amendment.

6.3 It was **resolved** that:

- **The ASFPNG would not take a position in relation to this issue and the proposal could be referred generally to the Task Force with each ASFPNG members having the option to submit their comments directly to the Task Force.**

7. Other Business

7.1 Status of Task Force

- Ellison Pidik informed the members that Mr. Greg Taylor and Mr. John Jeffery will step down as Trustees of their respective Funds when they are confirmed Members of the Task Force. BPNG hopes to finalise the members in time for it to commence operations in February 2005.
- The Secretariat to the Task Force should start operating by December 2004 in order to have all matters in order before the Task Force commences in February 2005.

7.2 Status of Welfare Funds

- Ellison Pidik informed the members that the Unions are regulated by the Industrial Organizations Act. That Act allows the Unions to operate a Distress Fund to cater for members immediate needs and report on its operation to the Registrar of Industrial Organizations. This provision is now been abused by some Unions where it has expanded its operations to include functions of the superannuation funds and financial institutions.
- BPNG is now liaising with the Treasury Department to resolve this matter.

8. Close of Business

There been no further matters the Chairman closed the meeting at 11: 11 am.

**SIGNED AS A TRUE AND CORRECT
COPY OF THE MINUTES.**

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Chris Hagan
Chairman

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Erastus Kamburi
Minute Secretary