

## **DISCLOSURE REGIME -Corporate Governance, Reporting and Mandatory Information Disclosure to Members**

### **Purpose**

The purpose of the paper is to create uniformity of reporting requirements when communicating with superannuation members and the general public. These guidelines should be read in conjunction with mandatory reporting requirements under the Companies Act and directions issued by the Central Bank.

### **Background**

As of now all major superannuation funds report to the public on either a quarterly or half yearly basis. Member's of the respective superannuation Funds also receive updates on the Funds activities and performance. The issue that remains unsatisfactory from not only a governance but also from a member perspective, is that much of the reporting is light on details, omissions where there are unfavorable variances or matters and an over emphasis on generalities. In relation to the last point we see enormous amounts of print devoted to photographs of Trustees and management as if there is an attempt to lift them from the hall of infamy to some form of star status. And while so much print is devoted to such pleasantries, the consumer/reader is struggling to find out exactly what is going on in their fund.

### **Analysis**

The following is a list of reporting requirements, preferred wordings and determination of whether the reporting item is mandatory, preferred or optional.

#### **DR 01 - The Board**

This Board is responsible for the corporate governance of the Fund.

#### Mandatory reporting

- Number of Directors/Trustees,
- Names of Directors/Trustees,
- Changes to the Board,
- Board fees paid,
- Representing group of Directors/Trustees,
- Term expiry,
- Attendance of meetings throughout the year,
- Number of meetings and
- Where meetings were held (Province/Country).

#### *Recommended tabular format*

<b>Name of the Trustee</b>	<b>Kina</b>	<b>Representing</b>	<b>Term Expiry</b>	<b>Board Attendance</b>	<b>Audit Attendance</b>

#### Reporting timeframes

- Minimum half yearly

#### **DR-02 -Audit & Remuneration Committee**

Where an Audit & Remuneration Committee exists

#### Preferred reporting

- Definition, reason for being
- Number of Directors/Trustees,

- Names of Directors/Trustees,
- Changes to the Committee,
- Fees paid,
- Attendance of meetings throughout the year,
- Number of meetings

### **DR-03 Access to Board Minutes**

#### Mandatory reporting

Board minutes must be accessible to Members

#### Recommended reporting statement

“The Board minutes can be personally inspected at *SUPERFUNDS NAME* at *SUPERFUNDS OFFICE* on written request and appointment.

#### Reporting timeframes

- Minimum half yearly

#### Preferred reporting

- Board minutes on internet where a Fund has a website

### **DR-04 External Board Positions**

#### Preferred reporting

Where a Director/Trustee is a Director on an external Board by reason of their position as a Director/Trustee of the Superannuation Fund, the company should be disclosed besides the Directors name and where the remuneration is being paid.

### **DR-05 Independent Professional Advice**

#### Optional reporting

- Trustees/Directors are entitled to seek independent advice.

#### Recommended reporting statement

“With the approval of the Chairman, a Trustee/Director is entitled to seek independent professional advice, both legal and accounting at the Funds expense, concerning any aspect of that Directors’ duties and or aspects of concern about the Fund’s operation.”

### **DR –06 Codes of Conduct and Ethical Standards**

#### Optional reporting

- What the Board has adopted relating to the code of conduct of Directors, Executives and Staff including conflicts of interest and confidentiality agreements.

### **DR –07 Staff Remuneration**

#### Mandatory reporting

- Staff salary bands over K100,000
- Number of staff employed, fulltime, contract and expatriate

#### Reporting timeframes

- Minimum annually

**DR –08 Staff Employment Policy**

Optional reporting

- Staff policies in relation to equal opportunity, training,
- Reasons for significant variances

**DR –09 Fund Expenses**

Mandatory reporting

- Management Expense Ratio – see policy position statement on MER’s for further details

Recommended reporting statement

“The Management Expense Ratio (MER), which measures as a percentage the fund expenses against the net asset value of the Fund, for the last three financial years has been as follows:

20X3	x.x%
20X2-	x.x%
20X2	x.x%

Reporting timeframes

- Minimum half yearly

**DR –10 Investments**

Mandatory reporting

- All investments sold or awaiting settlement,
- All new investments undertaken
- Exclusion of treasury note and cash investments

*Recommended tabular format*

<b>Investments sold or settled</b>	<b>Asset Classification</b>	<b>Settlement Date</b>	<b>Amount</b>
<b>New investments undertaken<sup>^</sup></b>	<b>Classification</b>	<b>Settlement Date</b>	<b>Amount</b>

Reporting timeframes

- Minimum half yearly

**DR-11 Valuation Methodology**

Optional reporting

- The valuation methodology of investments

Mandatory Reporting

- Valuations not in accordance with International Accounting Standards

Reporting timeframes

- Minimum half yearly

## **DR-12 Material Contracts**

### Mandatory reporting

- Contracts entered into with outside parties greater than K50, 000 p.a

*Recommended tabular format*

<b>Contract</b>	<b>Service</b>	<b>Expiry Date</b>

### Reporting timeframes

- Minimum half yearly

## **DR-13 State Arrears**

### Mandatory reporting

All arrears from the State including

- Rental arrears from properties
- Loan and coupon interest
- Unfunded liabilities
- State Grants

### Reporting timeframes

- Minimum half yearly

## **DR -14 Accounts**

### Mandatory reporting

For both the Fund and subsidiary companies

- Status of annual report completion
- Status of tax return lodgment

*Recommended tabular format*

<b>Entity</b>	<b>2000 Annual Accounts</b>	<b>2000 Tax Return</b>
NASFUND	Completed & Lodged	Completed & Lodged
Crocodile Catering (PNG) Ltd	Completed & Lodged	Completed & Lodged
The Tower Limited	Completed & Lodged	Completed & Lodged

### Reporting timeframes

- Minimum annually

## **DR-15 Significant Events**

### Mandatory reporting

- Significant changes in the state of affairs of the Fund must be included

### Reporting timeframes

- Minimum half yearly

## **DR 16 – Use of Disclaimer**

### Mandatory reporting

- A disclaimer must be used when reporting to members or external communication

### Recommended reporting statement

“Every care has been taken to ensure the accuracy of the contents of this publication at the time of publication. The reader should if they have any concerns relating to any aspect of this report write to the Fund at the following address”

### Reporting timeframes

At each public reporting period, whether it is quarterly or half yearly

## **DR - 17 Performance**

The following is an interim recommendation only as the performance section will be firmed up on completion of the Performance Report due 31 October, 2002.

### Mandatory reporting

- Reporting of net return

All returns must be quoted net of all taxes, charges and administration fees. Any use of reserves in the determination must also be disclosed.

### Mandatory reporting statement

“ The history of past returns including current returns reported should not be viewed as a guide to future returns by the Fund”

### Reporting timeframes

- Minimum annually

## **DR – 18 Client Service**

### Mandatory reporting

- Client Service phone numbers and contact address for written queries

### Reporting timeframes

- Minimum half yearly

## **DR – 19 Complaints**

### Mandatory reporting

- Client Service phone numbers for complaint including address for written queries
- Where applicable, the contact address for an internal Complaints Officer
- Process for failure of Fund to adequately resolve complaint

### Recommended reporting statement

Complaint Handling and Resolution Process

“ If after 90 days from lodgment of a written complaint to the Fund, you are still not satisfied with the outcome, you can write to the following address. Please enclose all particulars and supporting documentation of the complaint matter.

Chairperson: Complaints Resolution Committee  
Association of Superannuation Funds of PNG Inc  
P.O Box 1205  
Boroko  
Papua New Guinea”

#### Reporting timeframes

- At each public reporting period, whether it is quarterly or half yearly.

#### **Recommendation**

That the Association adopts the above Disclosure Regime when corresponding with Members and for the Disclosure Regime to be read in conjunction with the Companies Act, accounting standards and Auditor recommendations in preparing Annual reports.

Rod Mitchell  
29 August, 2002