



Bank of Papua New Guinea

DIRECTION: SAVINGS AND LOAN SOCIETIES

15 July 2002

DIRECTION 01/2002: DIRECTORS' COMPENSATION

Objective:

This directive is issued to ensure that boards of directors of societies timely comply with the requirement to submit reports to the Registrar.

Background:

Section 28A(d) of the Savings and Loans Societies (Amendment) Act 1995 (the Act) requires the board of directors of a society to submit the bi-annual financial statement and reports of the society to the Registrar within one month after the end of the period, and to submit the annual accounts and reports within two months after the end of the financial year. Boards of directors of many societies have not complied with this requirement and routinely fail to submit reports in a timely manner. The lateness of the reports greatly diminishes the value of the information and impairs the ability of the Registrar to supervise societies as required by the Act. Meanwhile, members of boards of directors continue to receive remuneration such as sitting fees and allowances despite having failed to perform their statutory functions.

Direction:

Pursuant to Section 27(2) of the Act and within the powers granted under Section 3(n) of the Act, the Registrar hereby directs that with immediate effect –

- a. no society shall pay any sitting fees, daily allowances, or remuneration of any kind to any member of the board of directors if the statements and reports required under the Act have not been submitted on time;
- b. a society may, however, continue to pay the actual costs of transportation only for directors to attend meetings of the board, such costs being limited to the most reasonable form of direct return transportation between the director's residence and the main office of the society or the venue of the board meeting, whichever is the shorter distance;

Effective Date: This directive is issued with immediate effect from 15 July 2002 until modified or rescinded, in writing, by the Registrar.

Compliance: The Registrar will closely monitor compliance with the Act and this direction and if it is found that a society has paid any monies to a member of the board of directors in breach of the Act or this direction, legal action will be initiated against the directors of the society, individually and collectively, to recover the monies. In addition, fines will be assessed to the fullest extent allowed under Section 60 of the Act and may not be reimbursed by the society.

L. Wilson Kamit CBE
REGISTRAR
Savings and Loan Societies