



NATIONAL  
PROVIDENT

# Board of Trustees of the National Provident Fund

Annual Reports for the year ended 31 March 2020





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# Contents

Annual Reports of the Board of Trustees of  
the National Provident Fund for the year ended  
31 March 2020

- Board of Trustees of the National Provident Fund
- Report required under Section 67 [1A] of the  
National Provident Fund Restructuring Act 1990

Presented to the House of Representatives pursuant to section 67  
of the National Provident Fund Restructuring Act 1990.





NATIONAL  
PROVIDENT

# Board of Trustees of the National Provident Fund

Annual Report for the year ended 31 March 2020



**Board of Trustees of the National Provident Fund  
Statement of Comprehensive Income  
for the year ended 31 March 2020**

	Note	2020 (\$000)	2019 (\$000)
<b>Revenue</b>			
Interest		<b>200</b>	202
Management fee	3	<b>2,208</b>	2,131
<b>Total Revenue</b>		<b>2,408</b>	2,333
Less expenses	4	<b>2,227</b>	2,155
<b>Operating surplus before income tax</b>		<b>181</b>	178
Income tax expense	6	<b>51</b>	50
<b>Net surplus for the year</b>		<b>130</b>	128
<b>Total comprehensive income for the year</b>		<b>130</b>	128

**Board of Trustees of the National Provident Fund  
Statement of Changes in Equity  
for the year ended 31 March 2020**

	2020 (\$000)	2019 (\$000)
<b>Equity at the beginning of the year</b>	<b>5,752</b>	5,624
Total comprehensive income for the year	<b>130</b>	128
<b>Equity at the end of the year</b>	<b>5,882</b>	5,752

The notes to the financial statements on pages 4 to 10 form an integral part of these financial statements.

**Board of Trustees of the National Provident Fund**  
**Statement of Financial Position**  
**as at 31 March 2020**

	<b>Note</b>	<b>2020 (\$000)</b>	<b>2019 (\$000)</b>
<b>Equity</b>	<b>7</b>	<b><u>5,882</u></b>	<b><u>5,752</u></b>
Represented by:			
<b>Current assets</b>			
Cash		<b>368</b>	706
Bank term deposits		<b>5,878</b>	5,698
Receivables and prepayments	<b>8</b>	<b>626</b>	519
<b>Total current assets</b>		<b><u>6,872</u></b>	<b><u>6,923</u></b>
<b>Total assets</b>		<b><u>6,872</u></b>	<b><u>6,923</u></b>
<b>Current liabilities</b>			
Payable to National Provident Fund superannuation schemes	<b>2</b>	<b>552</b>	629
Income tax payable		<b>17</b>	19
Other payables	<b>9</b>	<b>421</b>	523
<b>Total current liabilities</b>		<b><u>990</u></b>	<b><u>1,171</u></b>
<b>Net assets</b>		<b><u>5,882</u></b>	<b><u>5,752</u></b>

Authorised for issue on 29 June 2020.

On behalf of the Board of Trustees of the National Provident Fund.



Edward Schuck  
Board Chair



Stephen Ward  
Chair  
Audit and Risk Review Committee

The notes to the financial statements on pages 4 to 10 form an integral part of these financial statements.



**Board of Trustees of the National Provident Fund**  
**Statement of Cash Flows**  
**for the year ended 31 March 2020**

	<b>Note</b>	<b>2020</b> <b>(\$000)</b>	2019 (\$000)
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Interest		<b>200</b>	202
Management fee		<b>2,131</b>	2,532
		<b>2,331</b>	2,734
Cash was applied to:			
Operating expenses		<b>2,437</b>	2,341
Taxation		<b>52</b>	24
		<b>2,489</b>	2,365
<b>Net cash (outflow)/inflow from operating activities</b>	10	<b>(158)</b>	369
<b>Cash flows from financing activities</b>			
Cash was applied to:			
Bank term deposits		<b>(180)</b>	(177)
		<b>(180)</b>	(177)
<b>Net cash (outflow) from financing activities</b>		<b>(180)</b>	(177)
<b>Net (decrease)/increase in cash held</b>		<b>(338)</b>	192
Opening cash brought forward		<b>706</b>	514
<b>Closing cash carried forward</b>		<b>368</b>	706

The notes to the financial statements on pages 4 to 10 form an integral part of these financial statements.

**Board of Trustees of the National Provident Fund  
Notes to the Financial Statements  
for the year ended 31 March 2020**

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**1 PRINCIPAL ACTIVITY**

The Board's principal activity is to act as the Trustee to the Global Asset Trust (the GAT) and nine defined contribution and defined benefit superannuation schemes.

**2 RELATED PARTIES**

Under the terms of the Act, the Board is trustee of the nine National Provident Fund superannuation schemes (the Schemes) and the GAT. Members of the Board are appointed by the Minister of Finance (the Minister). The Board provides annual reports on the activities of the Schemes and the GAT to the Minister. The GAT holds the investment assets of the Schemes.

The GAT entered into reimbursement transactions with the Board during the year. These related to the reimbursement of professional fees, Goods and Services Tax and the purchase of fixed assets which are incurred by the Board on behalf of the GAT. The total amount reimbursed for the year was \$213,972 (2019: \$318,113).

At year end the Board had a payable of \$551,583 (2019: \$628,884), owing to the Schemes. This refund relates to surplus funds from the Schemes that was not required to meet the Board expenses during the year.

The Board and the Government Superannuation Fund Authority (the Authority) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement with Annuitas. The main function of Annuitas is to provide staff (Management) who act in management and secretarial roles on behalf of the Board and the Authority. Edward Schuck and Stephen Ward are the two Board appointed directors of Annuitas. The costs of running Annuitas are shared between the Board and the Authority on an equitable basis, as agreed between the two parties. The Board paid fees for this service during the year amounting to \$1,301,021 (2019: \$1,415,905). The amount receivable from Annuitas to the Board at year end was \$16,074 (2019: \$82,905 payable).

The Board, through Management, monitors the performance of the managers appointed by the Board, either directly or as trustee of the Schemes and the GAT, to provide services to the Board, and their adherence to the terms of their contracts, and co-ordinates actuarial, accounting, taxation, legal and communication services for the Board. There were no transactions between the Board members as individuals and the Board, other than the payment of fees or expenses (refer note 5). There were no individual transactions with Management, other than reimbursement of expenses incurred on Board business.

**3 MANAGEMENT FEE**

This fee was received by the Board from the Schemes for administering the Schemes.

**Board of Trustees of the National Provident Fund**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2020**

**4 EXPENSES**

	Note	2020 (\$000)	2019 (\$000)
<b>Expenses borne by the Board directly:</b>			
Audit fee		<u>14</u>	<u>14</u>
<b>Expenses recovered through the management fee:</b>			
Board members' fees and expenses	5	228	198
Communications		154	153
Management services fee	2	1,301	1,416
Other expenses		107	50
Professional fees (excluding taxation)		172	87
Taxation consultant fees		251	237
<b>Total expenses recovered</b>		<u>2,213</u>	<u>2,141</u>
<b>Total expenses</b>		<u>2,227</u>	<u>2,155</u>

**5 BOARD MEMBERS' FEES AND EXPENSES**

	2020 (\$000)	2019 (\$000)
Fees and expenses paid to the Board during the year ended 31 March were:		
Fees	200	182
Expenses	<u>28</u>	<u>16</u>
	<u>228</u>	<u>198</u>

Fees paid to Board members were\*:

	2020 (\$000)	2019 (\$000)
Louise M Edwards	23	-
Catherine M McDowell	6	26
Graeme R Mitchell	8	33
Daniel J Mussett	33	27
Sarah N Park	6	-
Edward J Schuck	58	46
Wayne L Stechman	29	23
Stephen P Ward	37	27
	<u>200</u>	<u>182</u>

\*Board Members' fees are determined by the individual's position on the Board. They also differ because some members charge GST.

**Board of Trustees of the National Provident Fund**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2020**

## **6 INCOME TAX**

	<b>2020</b> <b>(\$000)</b>	2019 (\$000)
Income tax is calculated as follows:		
<b>Operating surplus before income tax</b>	<b>181</b>	178
<b>Income tax expense for the year at 28%*</b>	<b>51</b>	50

\* All taxation is classified as current taxation in the year to which it relates.

## **7 EQUITY**

The equity is represented by the Free Reserves which originally arose from the restructuring of the National Provident Fund on or before 1 April 1991. There is no share capital. The Minister, by letter dated 1 April 1991, gave a direction, under section 64 of the Act, that the Board should not disburse or otherwise allocate the Free Reserves for any purpose whatsoever, without the prior consent of the Crown or further direction from the Minister. No direction was sought during the 2020 financial year (2019: No direction was sought).

## **8 RECEIVABLES AND PREPAYMENTS**

	<b>2020</b> <b>(\$000)</b>	2019 (\$000)
Accounts receivable from the Schemes	<b>392</b>	394
Other receivables and prepayments*	<b>234</b>	125
	<b>626</b>	519

\*Includes \$53,000 right of use asset in 2020

## **9 OTHER PAYABLES**

	<b>2020</b> <b>(\$000)</b>	2019 (\$000)
Accruals	<b>124</b>	170
Accounts payable*	<b>297</b>	353
	<b>421</b>	523

\*Includes \$53,000 lease liability in 2020

**Board of Trustees of the National Provident Fund**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2020**

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**10 RECONCILIATION OF NET SURPLUS FOR THE YEAR TO NET CASH FLOWS USED IN OPERATING ACTIVITIES**

	<b>2020</b> <b>(\$000)</b>	2019 (\$000)
<b>Net surplus for the year</b>	<b>130</b>	128
<b>Movement in working capital items:</b>		
Receivables and prepayments	<b>(107)</b>	5
Current liabilities	<b>(180)</b>	210
Income tax payable	<b>(1)</b>	26
<b>Net cash inflow from operating activities</b>	<b><u>(158)</u></b>	<b><u>369</u></b>

**11 FINANCIAL INSTRUMENTS**

At balance date the Board had the following financial assets: cash, bank term deposits, accounts receivable, prepayments and the following financial liabilities: payables to the schemes and accounts payable.

**11.1 CREDIT RISK**

The values attached to each financial asset in the Statement of Financial Position represent the maximum credit risk. No collateral is held with respect to any financial assets.

**11.2 FAIR VALUE**

The carrying value of all financial instruments, recognised in the Statement of Financial Position, is considered to be approximate fair value.

**11.3 CURRENCY AND INTEREST RATE RISK**

The interest rate earned on the bank account is variable. The money held on term deposit is rolled on a regular basis, and the interest rates are reviewed at each rollover. The Board seeks to obtain the most competitive market rate of interest on bank term deposits.

The Board has no financial instruments denominated in foreign currencies, except for those held in the Board's capacity as trustee of the GAT.

**12 CONTINGENT LIABILITIES**

There were no contingent liabilities as at 31 March 2020 (2019: nil).

**Board of Trustees of the National Provident Fund  
Notes to the Financial Statements  
for the year ended 31 March 2020**

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## **13 COMMITMENTS**

As at 31 March 2020 the Board had no commitments. As at 31 March 2019 there was a lease commitment of \$99,000 to the GAT for the lease of fixed assets.

## **14 SUBSEQUENT EVENTS**

There have been no events since balance date which would have a material effect on these financial statements.

## **15 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **15.1 BASIS OF PREPARATION**

The reporting entity is the Board of Trustees of the National Provident Fund (the Board).

The Board was established by the National Provident Fund Act 1950 and continued under the National Provident Fund Restructuring Act 1990 (the Act). The Board has financial reporting obligations under the Financial Markets Conduct Act 2013 (the FMCA).

### **15.2 STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and the requirements of the FMCA. For the purposes of complying with NZ GAAP, the Board is a for-profit entity and has adopted External Reporting Board Standard A1 Application of the Accounting Standards Framework (XRB A1). The Board qualifies for New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS (RDR)) as it does not have public accountability and it is not a large for-profit public sector entity. The Board has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

The preparation of financial statements, in conformity with NZ IFRS (RDR), requires judgements, estimates and assumptions to be made that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions made are based on historical experience and other factors that are believed to be reasonable under the circumstances. The results of the estimates and associated assumptions form the basis of making the judgements about the carrying value of assets and liabilities, which are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which an estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revisions affect both current and future periods.

## **15 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **15.3 MEASUREMENT BASE**

The financial statements are prepared on a historical cost basis.

### **15.4 PRESENTATION AND FUNCTIONAL CURRENCY**

The financial statements are presented in New Zealand dollars, rounded to thousands (\$000), which is also the Board's functional currency.

### **15.5 CASH AND CASH EQUIVALENTS**

Cash comprises current deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### **15.6 FINANCIAL INSTRUMENTS**

Financial instruments include both financial assets and financial liabilities.

Financial assets, measured at amortised cost include various bank term deposits, receivables from related parties and other receivables and prepayments.

Financial liabilities, measured at amortised cost, include trade and other payables and amounts payable to National Provident Fund superannuation schemes.

### **15.7 RECOGNITION**

The Board recognises a financial asset or a financial liability on the date the Board becomes a party to the contractual provisions of the instrument.

### **15.8 IMPAIRMENT**

All assets are reviewed at balance date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The Board has adopted the simplified expected credit loss model for receivables in accordance with *NZ IFRS 9: Financial Instruments*.

### **15.9 DERECOGNITION**

The Board derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

## **15 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **15.10 REVENUE**

Interest income is accrued at balance date using the effective interest rate of the instrument. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Interest income is accrued at balance date.

Management fees are recognised as income in the period to which the related service is provided.

### **15.11 EXPENSES**

All expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

### **15.12 TAXATION**

Income tax on the surplus for the year comprises current tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the financial statement date, and any adjustment to tax payable in respect of previous years.

### **15.13 GOODS AND SERVICE TAX (GST)**

The Board is not registered for GST. The Statement of Comprehensive Income and Statement of Financial Position are stated on a GST inclusive basis.

### **15.14 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new accounting standards and interpretations have been issued that are not mandatory for 31 March 2020 reporting periods and have not been adopted early by the Board. None of these standards are likely to have a material impact on the Board when they are adopted. All standards will be adopted in the period in which they become mandatory.

### **15.15 CHANGES IN ACCOUNTING POLICIES**

The Board applied *NZ IFRS 16: Leases (NZ IFRS 16)* for the first time this year. *NZ IFRS 16* sets out the principles for the recognition, measurement, presentation and disclosure of leases. It extends disclosure of leases on the Statement of Net Assets to include operating leases. This standard is fiscally neutral on the financial statements of the Board and due to the low amount involved the Board has included the leases within the Accounts Payable and Accounts Receivable balances rather than as separate items (See Notes 8 and 9). In applying this standard, full disclosures have not been made, the cumulative effect has been applied and no reinstatement of previous balances has been made. At 31 March 2019 leases were accounted for in accordance with *NZ IFRS 16: Leases*.



**Board of Trustees of the National Provident Fund  
Directory  
for the year ended 31 March 2020**

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<b>Principal Activity</b>	To act as the Trustee to the Global Asset Trust and nine superannuation schemes
<b>Board Members</b>	Edward J Schuck (Chair) Louise M Edwards ( <i>Appointed 01 July 2019</i> ) Catherine M McDowell ( <i>Retired 30 June 2019</i> ) Graeme R Mitchell ( <i>Retired 30 June 2019</i> ) Daniel J Mussett Sarah N Park ( <i>Appointed 01 February 2020</i> ) Wayne L Stechman Stephen P Ward (Deputy Chair)
<b>Secretary to the Board</b>	Fiona C M Morgan
<b>Auditor</b>	Silvio Bruinsma, Deloitte Limited (on behalf of the Auditor-General)
<b>Bank</b>	Bank of New Zealand
<b>Solicitor</b>	DLA Piper New Zealand

All correspondence relating to the Scheme should be addressed to:

The Manager  
National Provident Fund Administration  
Datacom Connect Limited  
PO Box 1036  
WELLINGTON 6140

OR

The Secretary  
Board of Trustees of the National Provident Fund  
PO Box 3390  
WELLINGTON 6140

For and on behalf of the Board of Trustees of the National Provident Fund.



Edward Schuck  
*Board Chair*  
29 June 2020



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND FOR THE YEAR ENDED 31 MARCH 2020**

The Auditor-General is the auditor of Board of Trustees of the National Provident Fund (the Board). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Board on his behalf.

#### **Opinion**

We have audited the financial statements of the Board on pages 1 to 10, that comprise the statement of financial position as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Board on pages 1 to 10:

- present fairly, in all material respects:
  - its financial position as at 31 March 2020; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Our audit was completed on 29 June 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

We have determined that there are no key audit matters to communicate in our report.

#### **Responsibilities of the Board of Trustees for the financial statements**

The Board of Trustees are responsible on behalf of the Board for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.



The Board of Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees are responsible on behalf of the Board for assessing the Board's ability to continue as a going concern. The Board of Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Trustees intend to wind-up the Board or to cease operations, or have no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Board of Trustees are responsible for the other information. The other information comprises the information included on page 11, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Board in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Board.

A handwritten signature in black ink, reading "Silvio Bruinsma". The signature is written in a cursive, flowing style.

Silvio Bruinsma  
for Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand



NATIONAL  
PROVIDENT

# Board of Trustees of the National Provident Fund

Report required under Section 67 [1A] of the  
National Provident Fund Restructuring Act 1990  
for the year ended 31 March 2020



**REPORT REQUIRED UNDER SECTION 67(1A)  
OF THE NATIONAL PROVIDENT FUND RESTRUCTURING ACT 1990  
FOR THE YEAR ENDED 31 MARCH 2020**

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**A. SCHEME ASSET ALLOCATIONS AND SCHEME INVESTMENT PERFORMANCE**

**A1. Scheme Asset Allocations**

The benchmark allocations and actual percentages shown below are as at 31 March 2020. The tilted benchmark allocations are also shown. The tilted benchmark allocations, as at 31 March 2020, are as applied in accordance with the dynamic asset allocation tilting programme as outlined in the Board's Statement of Investment Policies, Standards and Procedures (**SIPSP**). The SIPSP is available for viewing on our website – refer <https://www.npf.co.nz/how-we-invest/investment-publications>.

	<b>Benchmarks</b>	<b>Tilted Benchmarks</b>	<b>Actual</b>
<b>Pension National Scheme</b>			
Alternative Assets	7.0%	7.0%	7.4%
Cash	0.0%	2.5%	2.8%
Fixed Interest	46.5%	44.0%	47.9%
New Zealand Equities	9.5%	7.5%	7.0%
Overseas Equities	37.0%	39.0%	34.9%
<b>Lump Sum National Scheme</b>			
Alternative Assets	7.0%	7.0%	7.4%
Cash	0.0%	2.5%	2.8%
Fixed Interest	46.5%	44.0%	47.8%
New Zealand Equities	9.5%	7.5%	7.0%
Overseas Equities	37.0%	39.0%	35.0%
<b>Meat Industry Scheme</b>			
Alternative Assets	7.0%	7.0%	7.4%
Cash	0.0%	2.5%	2.8%
Fixed Interest	46.5%	44.0%	47.8%
New Zealand Equities	9.5%	7.5%	7.0%
Overseas Equities	37.0%	39.0%	35.0%
<b>National Provident Pension Scheme</b>			
Alternative Assets	6.0%	6.0%	6.2%
Cash	0.0%	2.5%	2.7%
Fixed Interest	57.0%	54.5%	58.2%
New Zealand Equities	7.5%	5.5%	5.1%
Overseas Equities	29.5%	31.5%	27.8%
<b>DBP Contributors Scheme</b>			
Fixed Interest	80.0%	80.0%	82.9%
Overseas Equities	20.0%	20.0%	17.1%

**A1. Scheme Asset Allocations** (continued)

	<b>Benchmarks</b>	<b>Tilted Benchmarks</b>	<b>Actual</b>
<b>DBP Annuitants Scheme</b>			
Cash	100.0%	100.0%	100.0%
<b>Aircrew Scheme</b>			
Alternative Assets	6.0%	6.0%	6.1%
Fixed Interest	57.0%	57.0%	60.8%
New Zealand Equities	7.5%	7.5%	6.9%
Overseas Equities	29.5%	29.5%	26.2%
<b>Pension Cash Accumulation Scheme</b>			
Cash	2.5%	2.5%	2.8%
Fixed Interest	57.5%	57.5%	61.6%
New Zealand Equities	8.0%	8.0%	7.4%
Overseas Equities	32.0%	32.0%	28.2%
<b>Lump Sum Cash Accumulation Scheme</b>			
Alternative Assets	7.0%	7.0%	7.4%
Fixed Interest	46.5%	46.5%	50.9%
New Zealand Equities	9.5%	9.5%	8.8%
Overseas Equities	37.0%	37.0%	32.9%

**A2. Scheme Investment Performance**

The investment performance of each scheme, for the year ended 31 March 2020, is shown in the attached Schedule 1. These returns are net of income tax and expenses.

**B. THE INVESTMENT PERFORMANCE OF THE SEPARATE CLASSES OF ASSETS**

The investment performance of the separate classes of assets, for the year ended 31 March 2020, is shown in the attached Schedule 2. These returns are gross of income tax and expenses.

**C. THE ALLOCATION OF COSTS TO EXISTING SCHEMES**

The allocation of costs (expenses) to each existing scheme, for the year ended 31 March 2020, is shown in the attached Schedule 3.

**D. CHANGES IN THE ACTUARIAL BASIS FOR VALUING SCHEME LIABILITIES**

There were no changes to the actuarial bases for valuing scheme liabilities during the year ended 31 March 2020.

**E. PAYMENTS BY THE CROWN UNDER SECTION 72 OF THE NATIONAL PROVIDENT FUND RESTRUCTURING ACT 1990**

Pursuant to section 72 of the National Provident Fund Restructuring Act 1990, \$27,100 has been claimed from the Crown by the Board, as Trustee of the Pension National Scheme, Lump Sum National Scheme and Meat Industry Scheme for the year ended 31 March 2020.



**F. RESERVE POSITIONS OF THE DEFINED CONTRIBUTION AND PERSONAL SCHEMES**

The reserve positions of the defined contribution and personal schemes, as at 31 March 2020, are as shown in the attached Schedule 4.

**G. SOLVENCY POSITION OF THE NATIONAL PROVIDENT PENSION SCHEME**

The solvency position of the National Provident Pension Scheme, as at 31 March 2020, is as shown in the attached Schedule 5. The Board has determined, based on the advice of the Actuary, that there will be no pension increase for the scheme for the year ended 31 March 2020.

**SCHEDULE 1**  
**Scheme Investment Performance**  
**for the year ended 31 March**

	<b>Investment Returns<sup>1</sup></b>	
	<b>2020</b> <b>%</b>	<b>2019</b> <b>%</b>
<b>Defined Contribution Schemes</b>		
Pension National Scheme	(2.40)	3.57
Lump Sum National Scheme	(2.68)	3.63
Meat Industry Scheme	(2.51)	3.25
National Provident Pension Scheme	(2.00)	3.63
<b>Defined Benefit Schemes</b>		
DBP Contributors Scheme	(0.95)	0.82
DBP Annuitants Scheme	0.29	0.36
Aircrew Scheme	(1.70)	2.97
<b>Personal Schemes</b>		
Pension Cash Accumulation Scheme	(0.27)	3.32
Lump Sum Cash Accumulation Scheme	(4.22)	2.74

**Notes**

- Returns are net of tax and expenses.

**SCHEDULE 2**  
**Investment Performance of the Separate Asset Classes**  
**for the year ended 31 March 2020**

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<b>Unit Fund</b>	<b>Actual Return<sup>2</sup> %</b>	<b>Benchmark<sup>3</sup> %</b>
Alternative Assets	(15.89)	1.50
Cash	1.87	1.50
Fixed Interest	2.17	6.02
Fixed Interest No 2	3.04	3.43
New Zealand Equities	1.34	0.36
Overseas Equities	(7.85)	(6.12)

**Notes**

2. Returns are for the unit funds of the National Provident Fund Global Asset Trust and are before tax and expenses.
3. The benchmarks comprise the indices used to measure individual manager performances. Details of the various indices are as follows:

Alternative Assets	Bloomberg NZ Bond Bank Bill Index.
Cash	Bloomberg NZ Bond Bank Bill Index.
Fixed Interest	Barclays Capital Global Aggregate Bond Index fully hedged to New Zealand dollars.
Fixed Interest No 2	Bloomberg New Zealand Bond Swaps 1-3 Year Index.
New Zealand Equities	NZX 50 Gross with Imputation Credits Index.
Overseas Equities	MSCI World Net Dividend Reinvested, 55.6% hedged into New Zealand Dollars.

**SCHEDULE 3**  
**Allocation of Costs (Expenses) to Existing Schemes**  
**for the year ended 31 March**

	<b>Expenses<sup>4</sup></b> <b>2020</b> <b>\$000s</b>	<b>Expenses<sup>4</sup></b> <b>2019</b> <b>\$000s</b>
<b>Defined Contribution Schemes</b>		
Pension National Scheme	868	949
Lump Sum National Scheme	846	888
Meat Industry Scheme	168	176
National Provident Pension Scheme	759	778
<b>Defined Benefit Schemes</b>		
DBP Contributors Scheme	270	310
DBP Annuitants Scheme	628	639
Aircrew Scheme	208	222
<b>Personal Schemes</b>		
Pension Cash Accumulation Scheme	131	136
Lump Sum Cash Accumulation Scheme	551	564

**Notes**

4. The expenses exclude some specific transaction fees charged direct to members' accounts e.g. extinguished liability transaction fees and transfer fees, as provided for in the schemes' trust deeds.

**SCHEDULE 4**  
**Reserve Positions of the Defined Contribution and**  
**Personal Schemes as at 31 March 2020**

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	<b>Contributors' Total Credits \$000s</b>	<b>Reserves \$000s</b>	<b>Reserves to Contributors' Total Credits %</b>
<b>Defined Contribution Schemes</b>			
Pension National Scheme	441,816	4,573	1.0%
Lump Sum National Scheme	452,010	320	0.1%
Meat Industry Scheme	26,160	11	0.0%
<b>Personal Schemes</b>			
Pension Cash Accumulation Scheme	18,030	(569)	(3.2%)
Lump Sum Cash Accumulation Scheme	260,924	(24,522)	(9.4%)

**SCHEDULE 5**  
**Solvency Position of the National Provident Pension Scheme**  
**as at 31 March 2020**

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	<b>Net Assets \$000s</b>	<b>Pension Actuarial Liabilities \$000s</b>	<b>Surplus<sup>5</sup> \$000s</b>	<b>Solvency Ratio<sup>6</sup> %</b>
National Provident Pension	357,907	351,609	6,297	101.8%

**Notes**

5. At 31 March 2020, the National Provident Pension Scheme the solvency position was 101.8%. Board policy is to consider pension increases once the solvency position is over 110%. The Board has determined, based on the advice of the Actuary, that there will be no pension increase for the scheme as at 31 March 2020.
6. Solvency Ratio = Net Assets ÷ Pension Actuarial Liabilities.



