



NATIONAL
PROVIDENT



Board of Trustees of the National Provident Fund

Annual Reports for the year ended 31 March 2021



CONTENTS

Annual Reports of the Board of Trustees of the National Provident Fund

for the year ended 31 March 2021

- Board of Trustees of
the National Provident Fund
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National Provident Fund Restructuring Act 1990



Board of Trustees of the National Provident Fund

- Annual Report
for the year ended 31 March 2021

**Board of Trustees of the National Provident Fund
Statement of Comprehensive Income
for the year ended 31 March 2021**

	Note	2021 (\$000)	2020 (\$000)
Revenue			
Interest		146	200
Management fee	3	2,437	2,208
		<u>2,583</u>	<u>2,408</u>
Total Revenue			
Less expenses	4	2,452	2,227
		<u>131</u>	<u>181</u>
Operating surplus before income tax			
Income tax expense	6	37	51
		<u>94</u>	<u>130</u>
Net surplus for the year			
Total comprehensive income for the year		<u><u>94</u></u>	<u><u>130</u></u>

**Board of Trustees of the National Provident Fund
Statement of Changes in Equity
for the year ended 31 March 2021**

	2021 (\$000)	2020 (\$000)
Equity at the beginning of the year	5,882	5,752
Total comprehensive income for the year	94	130
Equity at the end of the year	<u>5,976</u>	<u>5,882</u>

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 2021

	Note	2021 (\$000)	2020 (\$000)
Equity	7	5,976	5,882
Represented by:			
Current assets			
Cash		227	368
Bank term deposits		5,875	5,878
Receivables and prepayments	8	531	626
Total current assets		6,633	6,872
Total assets		6,633	6,872
Current liabilities			
Payable to National Provident Fund superannuation schemes	2	143	552
Income tax payable		-	17
Other payables	9	514	421
Total current liabilities		657	990
Net assets		5,976	5,882

Authorised for issue on 24 June 2021.

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 2021

	Note	2021 (\$000)	2020 (\$000)
Cash flows from operating activities			
Cash was provided from:			
Interest		168	200
Management fee		2,028	2,131
		<u>2,196</u>	<u>2,331</u>
Cash was applied to:			
Operating expenses		2,264	2,437
Taxation		54	52
		<u>2,318</u>	<u>2,489</u>
Net cash (outflow)/inflow from operating activities	10	<u>(122)</u>	<u>(158)</u>
Cash flows from financing activities			
Cash was applied to:			
Bank term deposits		<u>(19)</u>	<u>(180)</u>
		(19)	(180)
Net cash (outflow) from financing activities		<u>(19)</u>	<u>(180)</u>
Net (decrease)/increase in cash held		(141)	(338)
Opening cash brought forward		368	706
Closing cash carried forward		<u>227</u>	<u>368</u>

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 2021

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 Board also leases office equipment and computer hardware from the GAT. The total amount reimbursed for the year was \$222,422 (2020: \$261,958). In addition to this reimbursement, money was received into the Board on behalf of the GAT for Use of Money Interest and Class Actions. The total amount for the year was \$11,370 (2020: \$26,675).

At year end the Board had a payable of \$142,767 (2020: \$551,583), 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 \$1,426,188 (2020: \$1,301,021). The amount payable to Annuitas from the Board at year end was \$40,114 (2020: \$16,074 receivable).

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 2021**

4 EXPENSES

	Note	2021 (\$000)	2020 (\$000)
Expenses borne by the Board directly:			
Audit fee		<u>14</u>	<u>14</u>
Expenses recovered through the management fee:			
Board members' fees and expenses	5	230	228
Communications		160	154
Management services fee	2	1,426	1,301
Other expenses		120	107
Professional fees (excluding taxation)		241	172
Taxation consultant fees		<u>261</u>	<u>251</u>
Total expenses recovered		<u>2,438</u>	<u>2,213</u>
Total expenses		<u>2,452</u>	<u>2,227</u>

5 BOARD MEMBERS' FEES AND EXPENSES

	2021 (\$000)	2020 (\$000)
Fees and expenses paid to the Board during the year ended 31 March were:		
Fees	215	200
Expenses	<u>15</u>	<u>28</u>
	<u>230</u>	<u>228</u>

Fees paid to Board members were*:

	2021 (\$000)	2020 (\$000)
Louise Edwards	28	23
Catherine McDowell	-	6
Graeme Mitchell	-	8
Daniel Mussett	32	33
Sarah Park	32	6
Edward Schuck	55	58
Wayne Stechman	28	29
Stephen Ward	<u>40</u>	<u>37</u>
	<u>215</u>	<u>200</u>

*Board Members' fees are determined by the individual's position on the Board. They also differ because some members charge GST. Board fees were decreased by 20% for 6 months from 1 May 2020 as part of the Covid-19 response.

**Board of Trustees of the National Provident Fund
Notes to the Financial Statements
for the year ended 31 March 2021**

6 INCOME TAX

	2021	2020
	(\$000)	(\$000)
Income tax is calculated as follows:		
Operating surplus before income tax	131	181
Income tax expense for the year at 28%*	<u>37</u>	<u>51</u>

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 2021 financial year (2020: No direction was sought).

8 RECEIVABLES AND PREPAYMENTS

	2021	2020
	(\$000)	(\$000)
Accounts receivable from the Schemes	395	392
Other receivables and prepayments*	136	234
	<u>531</u>	<u>626</u>

*Includes \$8,000 right of use asset in 2021 (2020: \$53,000)

9 OTHER PAYABLES

	2021	2020
	(\$000)	(\$000)
Accruals	164	124
Accounts payable*	350	297
	<u>514</u>	<u>421</u>

*Includes \$8,000 lease liability in 2021 (2020: \$53,000)

**Board of Trustees of the National Provident Fund
Notes to the Financial Statements
for the year ended 31 March 2021**

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

	2021	2020
	(\$000)	(\$000)
Net surplus for the year	94	130
Movement in working capital items:		
Receivables and prepayments	117	(107)
Current liabilities	(316)	(180)
Income tax payable	(17)	(1)
Net cash (outflow) from operating activities	(122)	(158)

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 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 2021 (2020: nil).

13 COMMITMENTS

As at 31 March 2021 the Board had no commitments (2020: nil).

14 SUBSEQUENT EVENTS

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

Board of Trustees of the National Provident Fund
Notes to the Financial Statements
for the year ended 31 March 2021

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.

15.3 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.

**Board of Trustees of the National Provident Fund
Notes to the Financial Statements
for the year ended 31 March 2021**

15 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

15.10 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.

**Board of Trustees of the National Provident Fund
Notes to the Financial Statements
for the year ended 31 March 2021**

15 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021 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

There have been no changes to the accounting policies. All policies have been applied consistent with the prior year.

**Board of Trustees of the National Provident Fund
Directory
for the year ended 31 March 2021**

Principal Activity	To act as the Trustee to the Global Asset Trust and nine superannuation schemes
Board Members	Edward Schuck (Board Chair) Louise Edwards Daniel Mussett Sarah Park Wayne Stechman Stephen Ward (Deputy Chair)
Secretary to the Board	Fiona Morgan
Auditor	Silvio Bruinsma, Deloitte Limited (on behalf of the Auditor-General)
Bank	Bank of New Zealand
Solicitor	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
24 June 2021



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOARD OF TRUSTEES OF THE NATIONAL PROVIDENT FUND FOR THE YEAR ENDED 31 MARCH 2021

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 2021, 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 2021; 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 24 June 2021. 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 cursive script that reads "Silvio Bruinsma".

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



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 2021

**REPORT REQUIRED UNDER SECTION 67(1A)
OF THE NATIONAL PROVIDENT FUND RESTRUCTURING ACT 1990
FOR THE YEAR ENDED 31 MARCH 2021**

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 2021. The tilted benchmark allocations are also shown. They are as at 31 March 2021 and applied in accordance with the Dynamic Asset Allocation tilting programme as outlined in the Statement of Investment Policies, Standards and Procedures (SIPSP).

Month-end actual asset allocation weights may differ from benchmark weights because the Schemes are rebalanced at the start of each month. Thus month-end actual weights will reflect market movements over the month. In addition, to minimise unnecessary transaction costs, each asset class has a Board approved rebalancing range within which rebalancing will not necessarily occur each month.

	Benchmarks	Tilted Benchmarks	Actual
Pension National Scheme			
Alternative Assets	5.0%	5.0%	5.7%
Fixed Interest	47.5%	47.5%	45.0%
New Zealand Equities	9.5%	7.5%	6.9%
Overseas Equities	38.0%	40.0%	42.4%
Lump Sum National Scheme			
Alternative Assets	5.0%	5.0%	5.7%
Fixed Interest	47.5%	47.5%	45.0%
New Zealand Equities	9.5%	7.5%	6.9%
Overseas Equities	38.0%	40.0%	42.4%
Meat Industry Scheme			
Alternative Assets	5.0%	5.0%	5.7%
Fixed Interest	47.5%	47.5%	45.0%
New Zealand Equities	9.5%	7.5%	6.9%
Overseas Equities	38.0%	40.0%	42.4%
National Provident Pension Scheme			
Alternative Assets	5.0%	5.0%	5.7%
Fixed Interest	57.5%	57.5%	55.0%
New Zealand Equities	7.5%	5.5%	5.1%
Overseas Equities	30.0%	32.0%	34.2%
DBP Contributors Scheme			
Fixed Interest	80.0%	80.0%	78.3%
Overseas Equities	20.0%	20.0%	21.7%

A1. *Scheme Asset Allocations* (continued)

	Benchmarks	Tilted Benchmarks	Actual
DBP Annuitants Scheme			
Cash	100.0%	100.0%	100.0%
Aircrew Scheme			
Alternative Assets	5.0%	5.0%	5.8%
Fixed Interest	57.5%	57.5%	55.1%
New Zealand Equities	7.5%	7.5%	7.1%
Overseas Equities	30.0%	30.0%	32.0%
Pension Cash Accumulation Scheme*			
Cash	N/A	N/A	N/A
Fixed Interest	N/A	N/A	N/A
New Zealand Equities	N/A	N/A	N/A
Overseas Equities	N/A	N/A	N/A
Lump Sum Cash Accumulation Scheme			
Alternative Assets	5.0%	5.0%	5.7%
Fixed Interest	47.5%	47.5%	45.0%
New Zealand Equities	9.5%	7.5%	7.0%
Overseas Equities	38.0%	40.0%	42.3%

* The Pension Cash Accumulation Scheme liquidated its investment assets at the end of March. As at 31 March 2021 the assets were held in the BNZ bank account.

A2. *Scheme Investment Performance*

The investment performance of each scheme, for the year ended 31 March 2021, 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 2021, 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 2021, 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 2021.

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, \$1,619.88 has been claimed from the Crown by the Board, as Trustee of the Lump Sum National Scheme for the year ended 31 March 2021.

F. RESERVE POSITIONS OF THE DEFINED CONTRIBUTION AND PERSONAL SCHEMES

The reserve positions of the defined contribution and personal schemes, as at 31 March 2021, 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 2021, is as shown in the attached Schedule 5.

SCHEDULE 1
Scheme Investment Performance
for the year ended 31 March 2021 (and 2020)

	Investment Returns¹	
	2021 %	2020 %
Defined Contribution Schemes		
Pension National Scheme	22.49	(2.40)
Lump Sum National Scheme	22.53	(2.68)
Meat Industry Scheme	21.29	(2.51)
National Provident Pension Scheme	19.06	(2.00)
Defined Benefit Schemes		
DBP Contributors Scheme	13.02	(0.95)
DBP Annuitants Scheme	(1.18)	0.29
Aircrew Scheme	12.93	(1.70)
Personal Schemes		
Pension Cash Accumulation Scheme	17.78	(0.27)
Lump Sum Cash Accumulation Scheme	21.56	(4.22)

Note

1. Returns are net of tax and expenses.

SCHEDULE 2
Investment Performance of the Separate Asset Classes
for the year ended 31 March 2021

Unit Fund	Actual Return² %	Benchmark³ %
Alternative Assets	(1.19)	0.31
Cash	0.57	0.31
Fixed Interest	9.58	1.39
Fixed Interest No 2 ⁴	2.95	1.06
New Zealand Equities	32.21	28.93
Overseas Equities	49.79	41.01

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.
4. Fixed Interest No 2 was closed in October 2020, therefore the returns are year to 30 September 2020.

SCHEDULE 3
Allocation of Costs (Expenses) to Existing Schemes
for the year ended 31 March 2021 (and 2020)

	Expenses⁵ 2021 \$000s	Expenses⁵ 2020 \$000s
Defined Contribution Schemes		
Pension National Scheme	883	866
Lump Sum National Scheme	895	847
Meat Industry Scheme	165	167
National Provident Pension Scheme	806	759
Defined Benefit Schemes		
DBP Contributors Scheme	252	270
DBP Annuitants Scheme	645	629
Aircrew Scheme	198	208
Personal Schemes		
Pension Cash Accumulation Scheme	123	131
Lump Sum Cash Accumulation Scheme	602	551

Note

5. 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 2021

	Contributors' Total Credits \$000s	Reserves \$000s	Reserves to Contributors' Total Credits %
Defined Contribution Schemes			
Pension National Scheme	471,286	30,930	6.56%
Lump Sum National Scheme	507,457	31,568	6.22%
Meat Industry Scheme	28,619	1,728	6.04%
Personal Schemes			
Pension Cash Accumulation Scheme	15,442	512	3.32%
Lump Sum Cash Accumulation Scheme	286,075	16,921	5.91%

SCHEDULE 5
Solvency Position of the National Provident Pension Scheme
as at 31 March 2021

	Net Assets \$000s	Pension Actuarial Liabilities \$000s	Surplus⁶ \$000s	Solvency Ratio⁷ %
National Provident Pension	409,734	345,088	64,646	118.7%

Notes

6. At 31 March 2021, the National Provident Pension Scheme solvency position was 118.7%. Board policy is to consider pension increases once the solvency position is over 110%.

The Board has determined not to increase the pensions in payment under the Scheme at this time. The Board has requested Management develop a total financial management framework for the Scheme for consideration by the Board, including the investment strategy and the approach to pension increases. The Board will then consider (by 31 March 2022), whether pensions should be increased and, if so, by what percentage and from what date.

7. Solvency Ratio = Net Assets ÷ Pension Actuarial Liabilities.

