

Aircrew Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2024. Further information on the National Provident Fund’s activities, and commentary on investment markets, is set out in the Chair’s letter.

Your Scheme

CROWN GUARANTEE

The Aircrew Superannuation Scheme is a defined benefit scheme. The benefits payable by your Scheme are guaranteed by the Crown.

INVESTMENT PERFORMANCE

The asset class returns (before tax and expenses), and the comparative performance of the benchmark indices are shown in the table below.

Asset Class	Return	Index
Fixed interest (global)	5.17%	3.80%
New Zealand shares	4.68%	2.75%
Overseas shares	32.45%	26.53%
Cash	5.59%	5.69%

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2024 was 6.54% (2023:1.55%). In dollar terms, this represents investment gain of \$2,360,000 (investment loss in 2023: \$309,000).

This year was generally a good one for financial markets, in particular for the global equities asset class which performed very strongly. Inflation and high interest rates remained key influences on markets throughout the year. While the markets have performed well, getting inflation back to the levels seen before 2022 remains a challenge. The Board continues to monitor the impact of movements in the market, and the implication for investment strategy on an ongoing basis.

See the 10 year comparison page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the summary financial statements on the following page

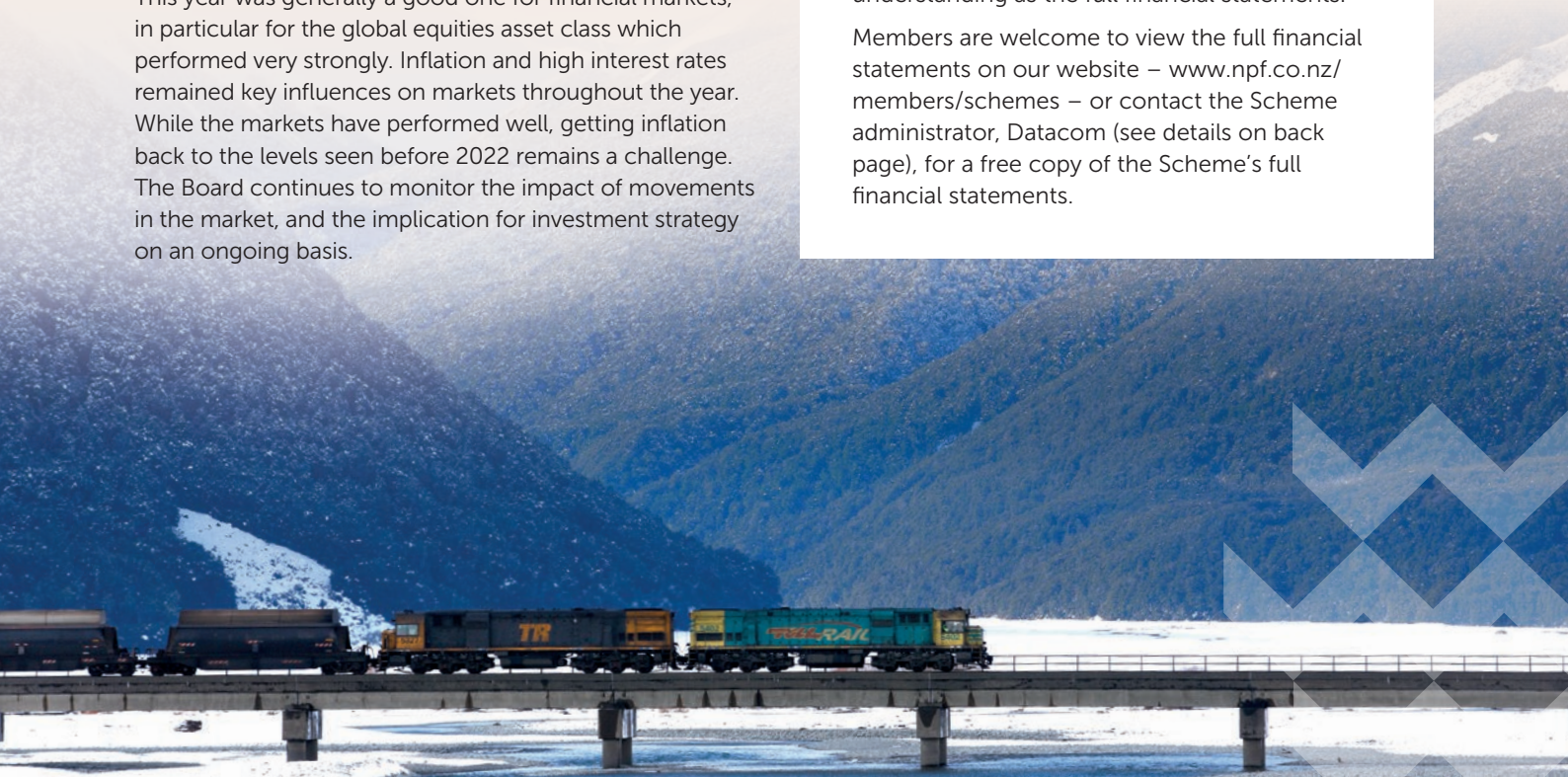
Annual Report for the year ended 31 March 2024

SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2024.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to view the full financial statements on our website – www.npf.co.nz/members/schemes – or contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme’s full financial statements.



EMPLOYER CONTRIBUTION RATE

Each year the Board's Actuary carries out a review of the Scheme to determine an employer contribution rate sufficient to meet the accrued and future liabilities of the Scheme.

In the actuarial review, completed as at 31 March 2023, the Actuary recommended the employer contribution rate is changed to 3.4 times members' contributions and an additional contribution of \$220,220 p.a. to meet expected administration expenses for the year ending 31 March 2025. Taking into account changes in the investment markets and Scheme membership the Board recommended, and the Minister of Finance accepted the new employer contribution rate. The changes took effect from 1 July 2024.

TA/TB RATIO AND FUNDING LEVEL

The most relevant measure of the financial health of the Scheme for members is the TA/TB Ratio (total assets (TA) as a percentage of accrued retirement benefits (TB)), because members generally elect to receive a transfer value from the Scheme rather than a pension payable from the National Provident Pension Scheme. A member's transfer benefit is the TA/TB Ratio times the member's accrued retirement benefit. The TA/TB Ratio calculated at 31 March 2024 was 101.0% (2023: 97.0%).

The funding level of the Scheme is used to determine the employer contribution rate. The funding level is the net assets of the Scheme divided by the past service liabilities. The funding level has been calculated on two bases: an expected return basis (Funding Basis) and on a Sovereign bond curve basis (Sovereign Basis). The Funding Basis used an expected discount rate, being the expected investment return on the assets of the Scheme. The rate ranged from 3.7% to 1.8% over the years 2025 to 2034, net of tax and investment related expenses (2023: 4.6% pa). The Sovereign Basis uses Sovereign bond yields net of tax and investment expenses.

FUNDING POSITION

The Actuary has advised the funding level of the Scheme, as at 31 March, was:

	2024 Sovereign Basis (\$000)	2023 Sovereign Basis (\$000)	2024 Funding Basis (\$000)	2023 Funding Basis (\$000)
Net assets	34,785	32,458	34,785	32,458
Past service liabilities	(38,598)	(34,741)	(38,722)	(33,264)
Funding level*	90.1%	93.4%	89.8%	97.6%

* The funding levels differ to the TA/TB ratio as the funding levels allow for assumed future increases in salaries and discounting from when the member entitlement is expected to be paid. Neither the funding levels nor the TA/TB ratio allow for the possibility of members electing a pension benefit.

WHO INVESTS YOUR MONEY

Cash Manager

Bank of New Zealand Limited (Appointed 25 September 2023)

Fixed Interest Managers

Brandywine Global Investment Management, LLC
Pacific Investment Management Company LLC
PGIM, Inc

New Zealand Equity Managers

Devon Funds Management Limited
Harbour Asset Management Limited

Overseas Equity Managers

Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
T. Rowe Price Australia Limited

Foreign Exchange Currency Hedging Manager

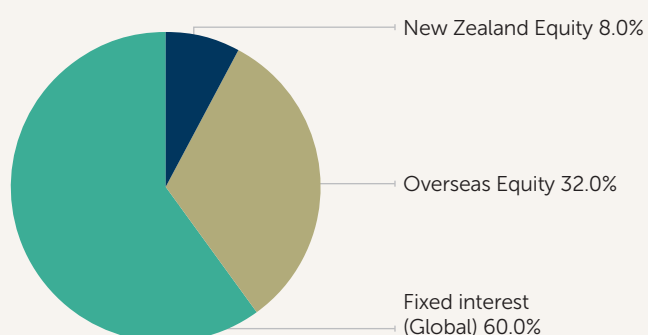
Bank of New Zealand Limited

HOW YOUR MONEY IS INVESTED

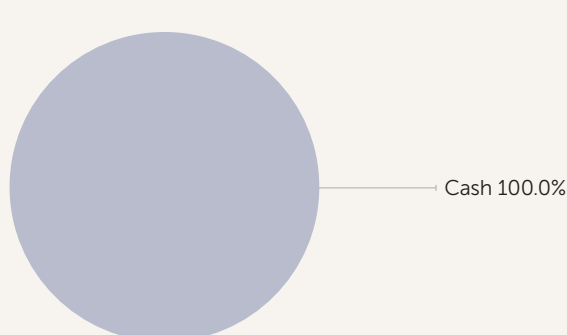
The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The asset allocation strategy for the Scheme was reviewed during the year and the fund transitioned to a 100% holding in cash. This change reflected the improved TA/TB Ratio, Scheme membership and the uncertain remaining life of the Scheme. The pie charts below show the Scheme's asset allocation as at 31 March 2023 and 31 March 2024.

The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the SIPSP was updated to reflect changes in asset allocation strategies, including the change in asset allocation for the Scheme to be invested 100% In cash. See our website, www.npf.co.nz, for more information about your Scheme, including the Board's SIPSP and the Scheme Trust Deed.

Asset Allocation Strategy as at 31 March 2023



Asset Allocation Strategy as at 31 March 2024



SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p>	Investment income/(loss)	2,360	(309)
	Less operating expenses	(200)	(186)
	Net income/(loss) before tax and membership activities	2,160	(495)
	Income tax (expense)	(31)	(1)
	Net income/(loss) after tax and before membership activities	2,129	(496)
	Contributions	2,168	1,921
	Less pension and transfer payments	(1,970)	
	Net membership activities	198	1,921
	Increase in net assets for the year	2,327	1,425
	Net assets available to pay benefits at beginning of year	32,458	31,033
	Net assets available to pay benefits at end of year	34,785	32,458

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2024

		2024 (\$000)	2023 (\$000)
<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2024.</p> <p>Assets include the Scheme's investments in the Cash Unit Fund plus what the Scheme had in the bank and was owed by others.</p> <p>Liabilities are what the Scheme owed to others.</p> <p>Net assets is the money available to pay future entitlements.</p>	Investment assets		
	Cash Unit Fund	29,498	
	Fixed Interest Unit Fund		16,201
	New Zealand Equity Unit Fund		2,141
	Overseas Equity Unit Fund		8,902
	Total investments assets	29,498	27,244
	Other assets	5,378	5,311
	Total assets	34,876	32,555
	Less liabilities	(91)	(97)
	Net assets available to pay benefits	34,785	32,458

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		2024 (\$000)	2023 (\$000)	
<p>This is a summary of the cash flows through the Scheme during the year.</p> <p>Cash was received from:</p> <ul style="list-style-type: none"> operating activities (being contributions less benefit and transfer payments and operating expenses); and investing activities. <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>	Opening cash brought forward	5,304	5,463	
	Net cash flows from operating activities	263	1,980	
	Net cash flows from investing activities	(203)	(2,139)	
	Net decrease in cash held	60	(159)	
	Closing cash carried forward	5,364	5,304	

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
 - prepared in accordance with, and comply with, the New Zealand Equivalents to IFRS (International Financial Reporting Standards), Accounting Standards (NZ IFRS) and IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for profit-oriented entities;
 - authorised for issue and signing by the Board on 25 June 2024; and
 - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit-oriented entity; and
- comply with Financial Reporting Standard 43: Summary Financial Statements.

SUBSEQUENT EVENTS

There were no material events subsequent to balance date requiring amendments to these financial statements.

TRUSTEE'S REPORT

For the year ended 31 March 2024

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information in respect of the Scheme.

Changes in the Scheme membership numbers during the year were as follows:

	Contributors
Opening membership as at 1 April 2023	19
Deaths and disablements	
Retirement	(1)
Transfer to another scheme	
Transfers to another NPF scheme	
Extinguished liabilities	(1)
Closing membership as at 31 March 2024	17

On the basis of evidence available, the Board believes that all contributions required to be made to the Scheme, in accordance with the terms of the Scheme Trust Deed, have been made.

The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme Trust Deed.

The Board based on the advice of the Actuary certifies that, as at 31 March 2024, the net market value of the Scheme's assets was less than the total value of the vested benefits of the Scheme.

FEES

Scheme administration fees are apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2023 and 2024 the scheme administration fees were increased for inflation. The Board certifies it is satisfied the increase in the administration fees for the Scheme is not unreasonable. The Board is satisfied the total management fees charged to the Scheme are not unreasonable.

TRUST DEED AMENDMENT

There have been no amendments to the Scheme Trust Deed since 6 July 2023, being the date of the Scheme's last annual report. A copy of the Trust Deed is available on request.

INDEPENDENT AUDITOR'S REPORT

To the readers of Aircrew Superannuation Scheme's summary financial statements for the year ended 31 March 2024.

The Auditor-General is the auditor of Aircrew Superannuation Scheme (the Scheme). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the summary financial statements of the Scheme on his behalf.

OPINION

The summary financial statements of the Scheme that comprise the summary statement of net assets as at 31 March 2024, the summary statement of changes in net assets and the summary statement of cash flows for the year ended on that date, and related notes, are derived from the full financial statements for the year ended 31 March 2024 that we have audited.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements for the year ended 31 March 2024, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the full financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

THE FULL FINANCIAL STATEMENTS AND OUR AUDIT REPORT THEREON

We expressed an unmodified audit opinion on the full financial statements for the year ended 31 March 2024 in our auditor's report dated 25 June 2024. That report also includes the communication of key audit matters.

BOARD OF TRUSTEES' RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Board of Trustees is responsible on behalf of the Scheme for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the full audited financial statements of the Scheme, based on our procedures, which were carried out 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.

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

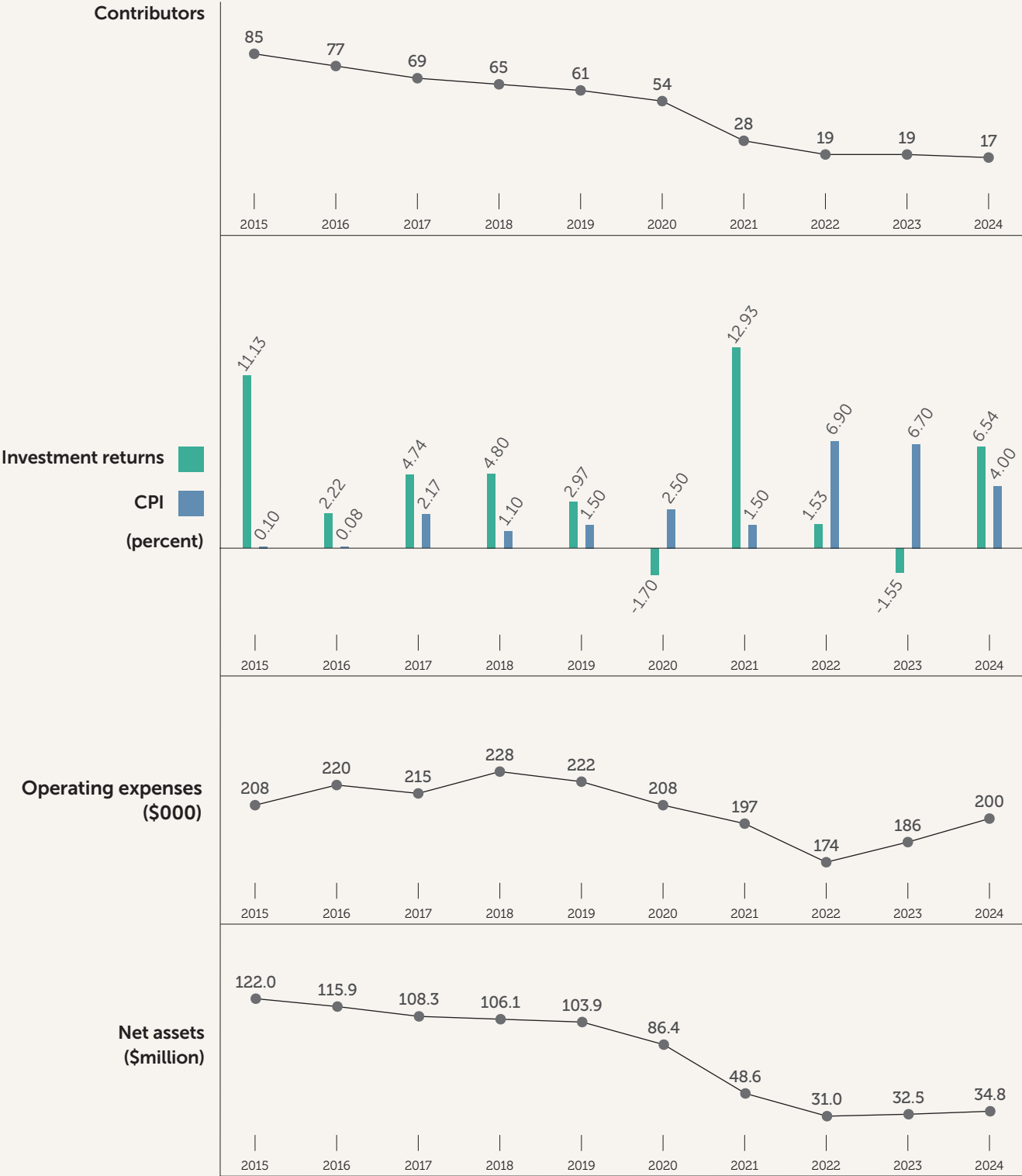
Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.



Pam Thompson
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

25 June 2024

10 YEAR COMPARISON



Directory as at 25 June 2024

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Edward Schuck – Chair – appointed 2015 and Chair from 1 September 2017*

Sarah Park – Deputy Chair – appointed 1 February 2020 and Deputy Chair from 1 July 2022

Louise Edwards – appointed 1 July 2019

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

** Edward Schuck retires from the Board and as Chair on 30 June 2024.*

Further information on the Board members is provided on our website – www.npf.co.nz.

MANAGEMENT

Tim Mitchell
Chief Executive

Fiona Morgan
Chief Financial Officer

Anthony Halls
Chief Investment Officer

Hadyn Hunt
Chief Risk Officer

Ireen Muir
General Manager – Schemes

DATAKOM

ADMINISTRATION

Datacom Connect Limited is the administrator of the NPF Schemes.

CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this package, if you would like to receive a free copy of the full financial statements in the mail, to purchase a copy of the Trust Deed (\$10) or the actuarial valuation (\$10), or to enquire about your Scheme membership in general.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30 am and 5.00 pm, Monday to Friday.

Phone: (04) 381 0600

Post to:

The Manager
National Provident Fund Administration
Datacom Connect Limited

P O Box 1036
WELLINGTON 6140

Email: npfenquiries@datacom.co.nz

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website – www.npf.co.nz.

You may contact the Board by writing to:

The Chief Executive
Board of Trustees of the National Provident Fund
Level 12, The Todd Building
95 Customhouse Quay
WELLINGTON 6011

Auditor: Pam Thompson, Deloitte Limited,
on behalf of the Auditor-General

Actuary: Christine D Ormrod,
PricewaterhouseCoopers Consulting
(New Zealand) LP

Bank: Bank of New Zealand Limited

Custodian: JPMorgan Chase Bank, N.A.

Solicitor: DLA Piper New Zealand

There were no changes to the Actuary, Bank, Custodian or Solicitor during the year.