

# DBP Contributors 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 DBP Contributors Scheme is a defined benefit scheme. The benefits payable by your Scheme are guaranteed by the Crown.

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2024 was 3.89% (2023: (3.07%)). In dollar terms, this represents investment gain of \$910,000 (2023 investment loss: \$673,000).

### 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%
Fixed Interest (New Zealand)	1.94%	1.99%
Overseas shares	32.45%	26.53%
Cash	5.59%	5.69%

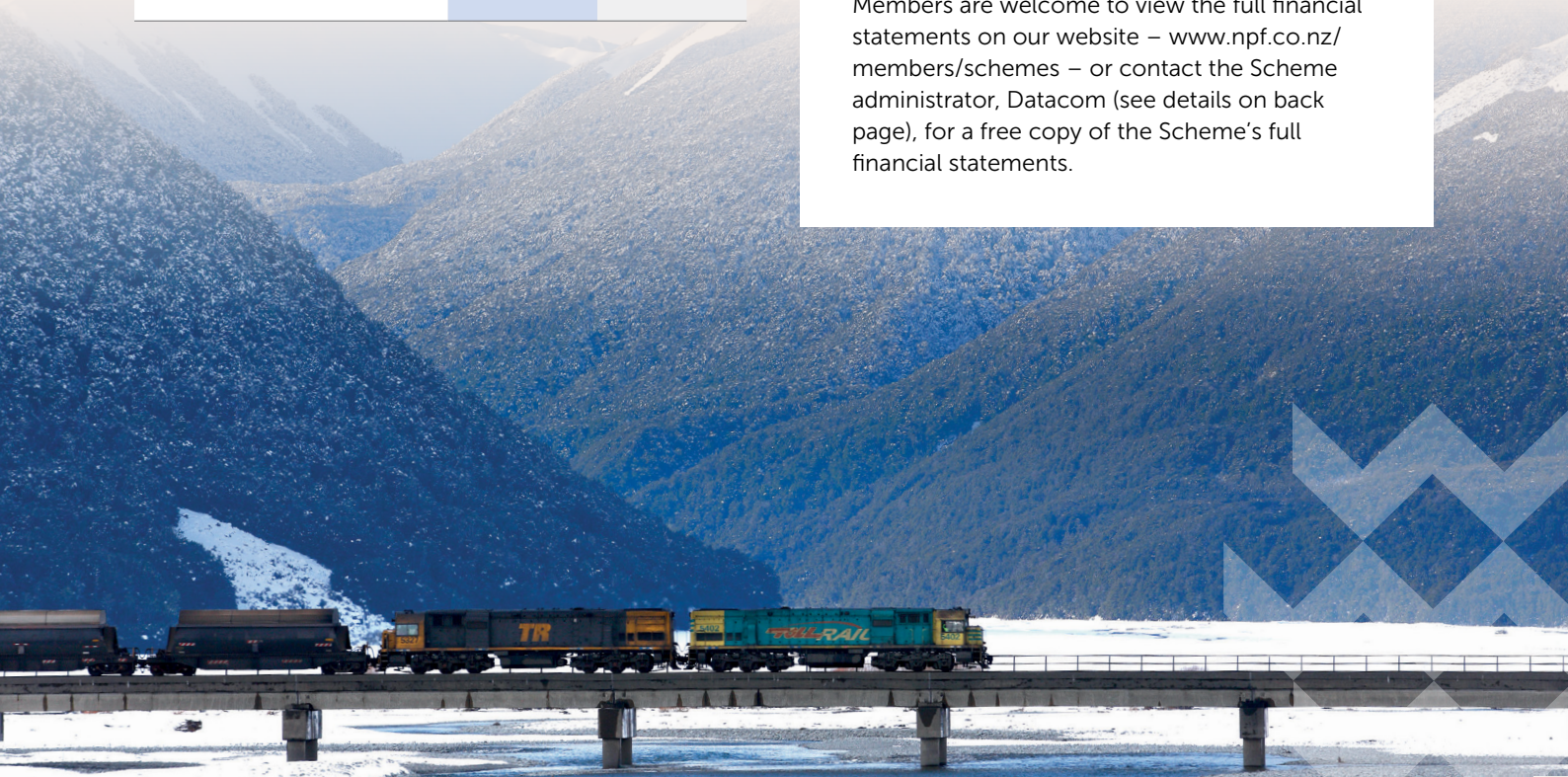
## Annual Report for the year ended 31 March 2024

### 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](http://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.



## INVESTMENT PERFORMANCE CONTINUED

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.

## 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.

The employer contribution rate applicable to 31 March 2025 is four times contributors' contributions. The rate will be reviewed again at 31 March 2025 and any change would be implemented from 1 April 2025.

## 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	16,129	21,340	16,129	21,340
Past service liabilities	(16,262)	(21,515)	(16,295)	(21,107)
Funding level*	99.2%	99.2%	99.0%	101.1%

\* 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: 4.1%-3.4% pa). The Sovereign Basis, uses Sovereign bond yields (net of tax and investment expenses) which have increased between 31 March 2023 and 31 March 2024, reducing the value of the liabilities.

## WHO INVESTS YOUR MONEY

### Cash Manager

Bank of New Zealand Limited (Appointed 25 September 2023)

### Fixed Interest Managers

Macquarie Asset Management (NZ) Limited  
(Terminated 20 April 2023)

### 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

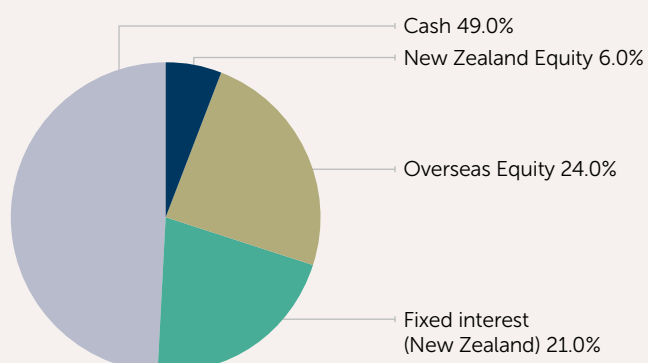
Bank of New Zealand Limited

## HOW YOUR MONEY IS INVESTED

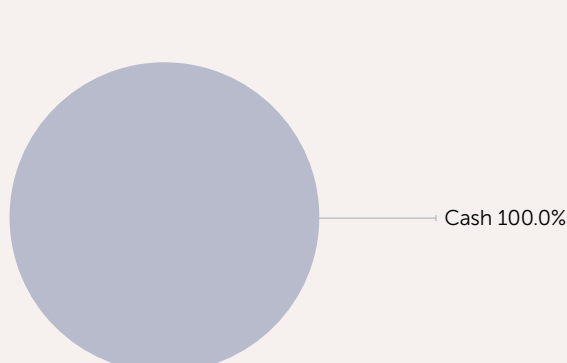
The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The asset allocation strategy for the Scheme was reviewed during the year and the fund transitioned to a 100% holding in cash. This change reflected the Scheme membership and the uncertain remaining life of the Scheme. 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 and there were no significant changes to the SIPSP relating to the Scheme, other than to reflect new asset allocation strategy effective from 1 February 2023. See our website, [www.npf.co.nz](http://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)	910	(673)
	Less operating expenses	(221)	(238)
	Net income/(loss) before tax and membership activities	689	(911)
	Income tax credit	26	47
	<b>Net income/(loss) after tax and before membership activities</b>	<b>715</b>	<b>(864)</b>
	Contributions	612	736
	Less benefit and transfer payments	(6,538)	(12,697)
	<b>Net membership activities</b>	<b>(5,926)</b>	<b>(11,961)</b>
	(Decrease) in net assets for the year	(5,211)	(12,825)
	Net assets available to pay benefits at beginning of year	21,340	34,165
	<b>Net assets available to pay benefits at end of year</b>	<b>16,129</b>	<b>21,340</b>

## 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 Cash, 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>	<b>Investment assets</b>		
	Cash Unit Fund	13,218	9,850
	New Zealand Equity Unit Fund		1,186
	Overseas Equity Unit Fund		4,938
	Fixed Interest No 2 Unit Fund		4,201
	<b>Total investment assets</b>	<b>13,218</b>	<b>20,175</b>
	Other assets	2,967	1,270
	<b>Total assets</b>	<b>16,185</b>	<b>21,445</b>
	Less liabilities	(56)	(105)
	<b>Net assets available to pay benefits</b>	<b>16,129</b>	<b>21,340</b>

## 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"> <li>operating activities (being contributions less benefit and transfer payments and operating expenses); and</li> <li>investing activities.</li> </ul> <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>	<b>Opening cash brought forward</b>	1,196	(2,505)	
	Net cash flows from operating activities	(6,092)	(12,044)	
	Net cash flows from investing activities	7,739	15,745	
	Net increase in cash held	1,647	3,701	
	<b>Closing cash carried forward</b>	<b>2,843</b>	<b>1,196</b>	

## 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	44
Withdrawals	
Deaths and disablements	
Transfers to DBP Annuitants Scheme	(8)
Transfers	(7)
Extinguished liabilities*	
Closing membership as at 31 March 2024	29

\* Following a Trust Deed amendment on 1 July 2005, once reasonable efforts have been made to locate a member who has been missing for at least five years, the Board may extinguish the liabilities to that member. Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

On the basis of evidence available, the Board believes 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 under the Funding Basis.

The Board confirms that, to the best of its knowledge, not more than 10% of the net market value of the Scheme assets were invested with the employers (or associated entities), either directly or indirectly, who are parties to 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

The Scheme Trust Deed was last amended on 3 October 2023. The primary amendment allows contributors to elect to receive their pension at age 60 while still in employment. In addition, if a member is over age 65, no longer contributing to the Scheme and has not made a valid election, the Board may by 6 months' notice make an election on the member's behalf and transfer their entitlements to the DBP Annuitants Scheme.

## INDEPENDENT AUDITOR'S REPORT

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

The Auditor-General is the auditor of DBP Contributors 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.

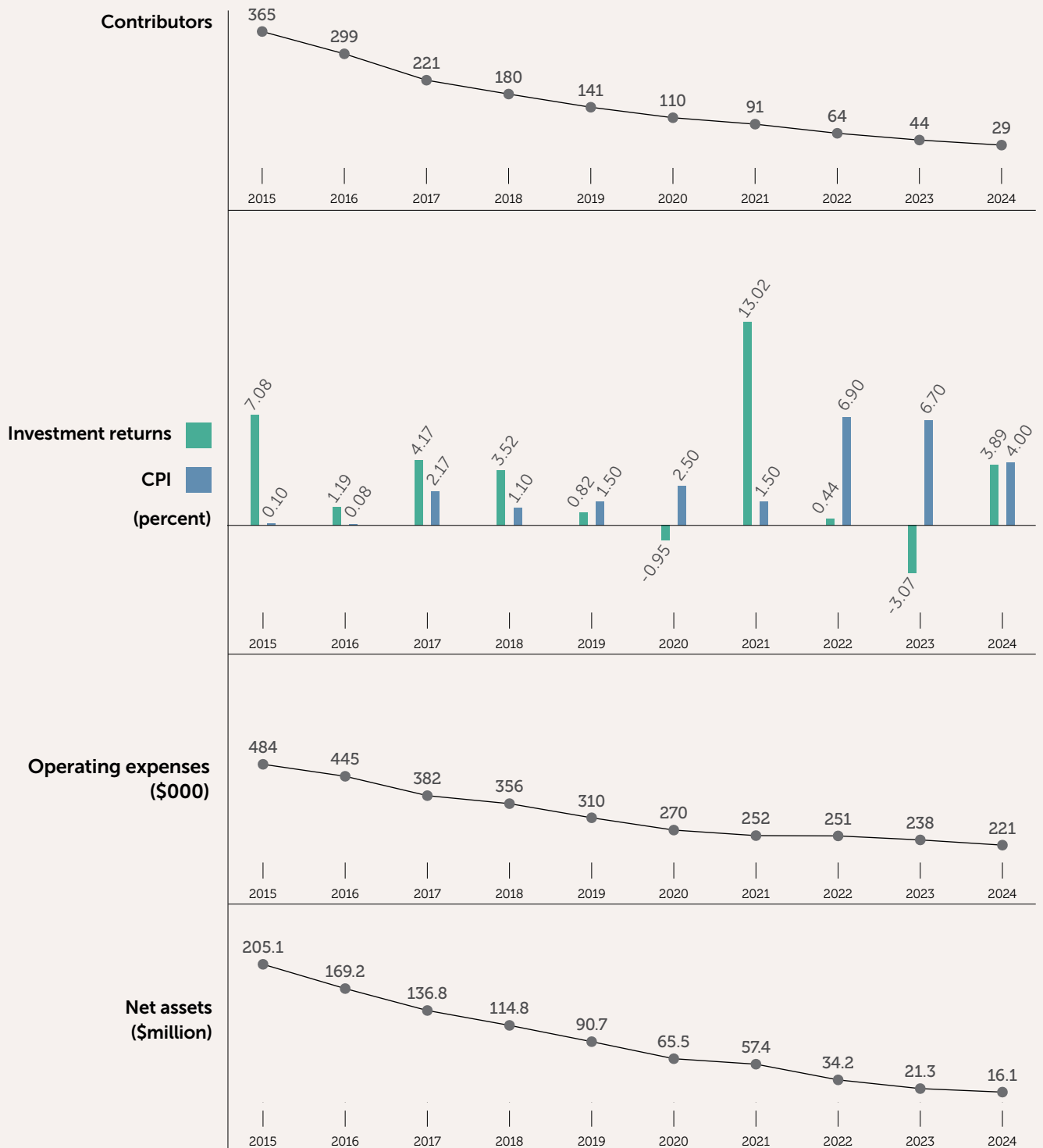
Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.



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

25 June 2024

### 10 YEAR COMPARISON



**DBP Contributors Scheme (the Scheme)**  
**Statement of Changes in Net Assets**  
**for the year ended 31 March 2024**

	Note	<b>2024</b> <b>(\$'000)</b>	2023 (\$'000)
<b>Investment income</b>			
Income/(loss) from unit funds	5	<b>782</b>	(742)
Interest received		<b>128</b>	69
<b>Total investment income/(loss)</b>		<b>910</b>	(673)
<b>Operating expenses</b>			
Actuarial fees		<b>73</b>	85
Audit fees		<b>23</b>	22
Board member expenses	6	<b>38</b>	34
Legal Fees		<b>10</b>	-
Management expenses	6	<b>75</b>	97
Stationery and printing		<b>2</b>	-
		<b>221</b>	238
<b>Net income/(loss) before tax and membership activities</b>		<b>689</b>	(911)
Income tax credit	7	<b>26</b>	47
<b>Net income/(loss) after tax and before membership activities</b>		<b>715</b>	(864)
<b>Scheme receipts</b>			
Contributor contributions	1	<b>169</b>	210
Employer contributions		<b>443</b>	526
<b>Total scheme receipts</b>		<b>612</b>	736
<b>Scheme payments</b>			
Transfers to DBP Annuitants Scheme	4	<b>5,119</b>	10,342
Transfers to other schemes		<b>1,419</b>	2,354
Withdrawals		<b>-</b>	1
<b>Total scheme payments</b>		<b>6,538</b>	12,697
<b>Net membership activities</b>		<b>(5,926)</b>	(11,961)
<b>(Decrease) in net assets for the year</b>	10	<b>(5,211)</b>	(12,825)
Net assets available to pay benefits at beginning of year		<b>21,340</b>	34,165
<b>Net assets available to pay benefits at end of year</b>		<b>16,129</b>	21,340

The notes to the financial statements on pages 4 to 14 form an integral part of these financial statements.

**DBP Contributors Scheme (the Scheme)**  
**Statement of Net Assets**  
**as at 31 March 2024**

	Note	<b>2024</b> <b>(\$000)</b>	2023 (\$000)
<b>Investment assets at fair value through profit or loss</b>	3		
Units held in:			
Cash unit fund		<b>13,218</b>	9,850
Fixed Interest No 2 unit fund		-	4,201
New Zealand Equity unit fund		-	1,186
Overseas Equity unit fund		-	4,938
		<b>13,218</b>	20,175
<b>Financial assets at amortised cost</b>			
Cash		<b>2,843</b>	1,196
Contributions receivable - employers		<b>32</b>	10
Contributions receivable - members		<b>1</b>	-
Other receivables	9	<b>18</b>	17
Receivable from the Global Asset Trust	8	<b>4</b>	-
		<b>2,898</b>	1,223
<b>Other assets</b>			
Deferred Tax	7	<b>69</b>	47
		<b>69</b>	47
<b>Total assets</b>		<b>16,185</b>	21,445
<b>Current liabilities at amortised cost</b>			
Other payables		<b>56</b>	105
<b>Total liabilities</b>		<b>56</b>	105
<b>Net assets available to pay benefits</b>		<b>16,129</b>	21,340

Authorised for issue on 25 June 2024

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



Edward Schuck  
Board Chair



Louise Edwards  
Chair  
Audit and Risk Review Committee

**DBP Contributors Scheme (the Scheme)**  
**Statement of Cash Flows**  
**for the year ended 31 March 2024**

	Note	<b>2024</b> <b>(\$'000)</b>	2023 (\$'000)
<b>Cash flows from operating activities<sup>1</sup></b>			
Cash was provided from:			
Contributor contributions		<b>163</b>	217
Employer contributions		<b>427</b>	543
Interest received		<b>128</b>	69
		<b>718</b>	829
Cash was applied to:			
Operating expenses		<b>272</b>	178
Transfers paid to DBP Annuitants Scheme		<b>5,119</b>	10,342
Transfers paid to other schemes		<b>1,419</b>	2,352
Withdrawals		<b>-</b>	1
		<b>6,810</b>	12,873
<b>Net cash flows used in operating activities</b>	10	<b>(6,092)</b>	(12,044)
<b>Cash flows from investing activities<sup>2</sup></b>			
Cash was provided from sale of units in:			
Cash unit fund		<b>6,470</b>	6,275
Fixed Interest No 2 unit fund		<b>5,327</b>	2,628
Fixed Interest unit fund		<b>-</b>	29,263
New Zealand Equity unit fund		<b>1,262</b>	402
Overseas Equity unit fund		<b>5,851</b>	4,130
		<b>18,910</b>	42,698
Cash was applied to purchase units in:			
Cash unit fund		<b>9,423</b>	15,912
Fixed Interest No 2 unit fund		<b>1,159</b>	6,820
Fixed Interest unit fund		<b>-</b>	871
New Zealand Equity unit fund		<b>125</b>	1,573
Overseas Equity unit fund		<b>464</b>	1,777
		<b>11,171</b>	26,953
<b>Net cash flows from investing activities</b>		<b>7,739</b>	15,745
<b>Net increase in cash held</b>		<b>1,647</b>	3,701
Add opening cash brought forward		<b>1,196</b>	(2,505)
<b>Closing cash carried forward<sup>3</sup></b>		<b>2,843</b>	1,196

1 Operating Activities: Includes any activities that are the result of normal business activities not classified as investing activities.

2 Investing Activities: Comprises acquisition and disposal of units in the GAT.

3 Cash: Comprises cash balances held with banks in New Zealand.



**DBP Contributors Scheme (the Scheme)**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2024**

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## **1 DESCRIPTION OF THE SCHEME AND FUNDING ARRANGEMENTS**

The Scheme is a defined benefit scheme, governed by a Trust Deed. The Scheme is deemed to be registered on the register of managed investment schemes under the Financial Markets Conduct Act 2013 (FMCA).

The Scheme is funded on the principle of aggregate funding. Under this principle, the value of the employer's future contributions is the balancing item between the actuarial value of the contributors' current and future benefits, and the value of contributors' future contributions and the market value of the Scheme's net assets.

The Scheme Trust Deed sets out the rates of contributors' contributions. In general, for former contributors to:

- The Local Authorities Standard section of the Scheme, the Fire Service section of the Scheme and the Nursing Services section of the Scheme, contribution rates range from 6% to 11% of the contributor's salary (as defined in the trust deed), depending on the contributor's age of joining the Scheme, and
- The Defined Benefit Plan, the contribution rate is 6.5% of the contributor's salary (as defined in the trust deed).

The employer contribution rate applicable from 1 April 2024 is four times contributors' contributions. The rate will be reviewed again using the 31 March 2024 financial statements and any change would be implemented from 1 April 2025.

## **2 RELATED PARTIES**

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board is Trustee of the Scheme. Members of the Board are appointed by the Minister of Finance.

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 costs of running Annuitas are shared between the Board and the Authority on an equitable basis, as agreed between the organisations.

Edward Schuck and Sarah Park are the two Board appointed directors of Annuitas.

The Board is also the Trustee of the Global Asset Trust (the GAT), which holds the assets of all the National Provident Fund Schemes. The GAT is divided into separate unit funds, representing various asset classes, which have issued units to the Board, as Trustee of the Scheme, according to the Strategic Asset Allocation Strategy (refer note 3).

There were no transactions between members of the Board or management, as individuals, and the Scheme.

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

### **3 STRATEGIC ASSET ALLOCATION (SAA) - INVESTMENT**

The Scheme is authorised to invest only in the GAT or in bank deposits. The GAT is divided into separate unit funds representing various asset classes.

Investment assets have been designated at fair value through profit or loss upon initial recognition. These are managed and their performance evaluated, on a fair value basis. This is consistent with the Scheme's documented investment strategy. The assets are investments in units in the GAT which, in turn, invests in cash.

The fair value of the units held by the Scheme in the GAT is based on the valuation of the financial instruments held by the GAT. The fair value of these financial instruments is based on exit prices at balance date without any deduction for future selling costs. If the exit price for an instrument is not available on a recognised exchange the fair value is estimated taking into account comparable markets and specialist advice.

The benchmark asset allocations as at 31 March 2024 and 31 March 2023 are shown below.

	<b>2024</b> <b>(%)</b>	2023 (%)
Cash unit fund	<b>100.0</b>	49.0
Fixed Interest No 2 unit fund	-	21.0
New Zealand Equity unit fund	-	6.0
Overseas Equity unit fund	-	24.0

### **4 TRANSFER OF ASSETS TO DBP ANNUITANTS SCHEME**

When a contributor, or other beneficiary of the Scheme, elects to be paid a pension, or other retirement benefit, the contributor or other beneficiary becomes a member of the DBP Annuitants Scheme. At the same time, assets with a market value equal to the liability of the DBP Annuitants Scheme to pay the benefit attributable to that person's membership, are transferred from the Scheme to the DBP Annuitants Scheme.

### **5 INCOME FROM UNIT FUNDS**

Income from unit funds is derived from the changes in value of units held by the GAT and reflects both realised and unrealised gains and losses. The income stated is net of expenses (including investment management and custodial fees) directly related to investment activities. The income per unit fund is as follows:

	<b>2024</b> <b>(\$000)</b>	2023 (\$000)
Cash Unit fund	<b>415</b>	213
Fixed Interest No 2 unit fund	<b>(33)</b>	33
Fixed Interest unit fund	-	(1,003)
New Zealand Equity unit fund	<b>(49)</b>	15
Overseas Equity unit fund	<b>449</b>	-
<b>Income/(loss) from unit funds</b>	<b>782</b>	<b>(742)</b>

**DBP Contributors Scheme (the Scheme)**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2024**

**6 MANAGEMENT AND BOARD MEMBER EXPENSES**

Management expenses comprise administration fees charged by Datacom Connect Limited, and a share of the expenses of the Board. The Board member expenses are split evenly between the schemes.

**7 INCOME TAX**

Income specific to the Scheme is subject to tax at 28%, after allowing for deductible expenses. The income tax reconciliation is as follows:

	<b>2024</b>	2023
	<b>(\$000)</b>	(\$000)
Scheme specific income	<b>128</b>	68
Deductible expenses	<b>(221)</b>	(238)
<b>Taxable income</b>	<b>(93)</b>	(170)
Net income/(loss) before tax and membership activities	<b>689</b>	(911)
Tax at 28%	<b>193</b>	(255)
Adjusted for tax effect of: (Non-assessable income)/non-deductible expenditure	<b>(219)</b>	208
<b>Income tax credit</b>	<b>(26)</b>	(47)
Represented by:		
Income tax credit on current year income/(loss)	<b>(26)</b>	(47)
<b>Income tax credit</b>	<b>(26)</b>	(47)
<b>Movement in deferred taxation</b>		
Opening balance	<b>47</b>	-
Prior period adjustment	<b>(4)</b>	-
Current year movement	<b>26</b>	47
Deferred tax asset	<b>69</b>	47

The deferred tax asset is a result of tax losses available to carry forward. The tax losses consist of surplus deductible expenses which the Scheme will transfer to the GAT under section DV 2 of the Income Tax Act 2007 in a future income year. The GAT is subject to tax at the rate of 28%.

**8 RECEIVABLE FROM THE GAT**

The 2024 receivable represents the outstanding tax credits, (refer note 6), utilised by the GAT, resulting from the transfer of the Scheme's surplus deductible expenses to the GAT under the Tax Act. The Scheme will realise the receivable by investing in unit funds of the GAT or by settling the units in cash.

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**9 OTHER RECEIVABLES**

Other receivables consist of:

	<b>2024</b>	2023
	( <b>\$000</b> )	(\$000)
Management fee refund	<u>18</u>	<u>17</u>
<b>Total other receivables</b>	<b><u>18</u></b>	<b><u>17</u></b>

**10 RECONCILIATION OF (DECREASE) IN NET ASSETS FOR THE YEAR TO NET CASH FLOWS USED IN OPERATING ACTIVITIES**

	<b>2024</b>	2023
	( <b>\$000</b> )	(\$000)
<b>(Decrease) in net assets for the year</b>	<b>(5,211)</b>	(12,825)
<b>Movement in working capital</b>		
Change in accounts payable	<b>(49)</b>	1
Change in other receivables	<b>(1)</b>	(8)
Change in contributions receivable	<b>(23)</b>	26
	<b>(73)</b>	19
<b>(Less)/add non-cash items</b>		
Movement in receivable from the GAT	<b>(4)</b>	67
Movement in deferred tax	<b>(22)</b>	(47)
	<b>(26)</b>	20
<b>Items classified as investing activities</b>		
(Income)/loss from unit funds	<b>(782)</b>	742
	<b>(782)</b>	742
<b>Net cash flows used in operating activities</b>	<b><u>(6,092)</u></b>	<b><u>(12,044)</u></b>

**11 GUARANTEED BENEFITS**

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

**12 ACTUARIAL EXAMINATION, REVIEW AND VESTED BENEFITS RATIO – 31 MARCH 2024**

**Actuarial Examination and Review**

Every three years, a statutory actuarial examination of the Scheme is prepared in accordance with the National Provident Fund Restructuring Act 1990 and the Financial Markets Conduct Act 2013 (refer note 13). The most recent statutory actuarial examination was carried out as at 31 March 2021 and the results of that examination are summarised in note 13. This examination showed the funding level of the Scheme was 102.2% at 31 March 2021. The funding level is the ratio of the net assets to the value of past service liabilities.

The next statutory actuarial examination is due as at 31 March 2024. The results of the statutory actuarial examination of the Scheme at 31 March 2024 will be incorporated into the notes to the annual audited financial statements for the year ending 31 March 2025.

There is a review each year, which takes into account updated membership information and updated assumptions. The reviews at 31 March 2024 and 31 March 2023 showed the funding level, using the expected investment returns, had reduced to 99.0% and 101.1% respectively. The funding level is also calculated as if the assets were invested in Government bonds. On that basis the funding levels were lower, being 99.2% at 31 March 2024 and 99.2% at 31 March 2023. The vested benefits ratio results are set out below.

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**12 ACTUARIAL EXAMINATION, REVIEW AND VESTED BENEFITS RATIO – 31 MARCH 2023 (CONTINUED)**

For the funding level the most financially significant assumptions are:

- the difference between the future investment returns and the rates of CPI inflation assumed when calculating future factors for transfers from this Scheme to the DBP Annuitants Scheme. Future investment returns are assumed to be 3.8% to 31 March 2033 and 3.2% pa thereafter and inflation is assumed to be approximately 1.9% pa. The assumptions are unchanged between 31 March 2023 and 31 March 2024.
- the pensioner mortality assumptions assumed when calculating future factors for transfers from this Scheme to the DBP Annuitants Scheme. These were based on the results of a recent pensioners' mortality investigation. In each case they include an allowance for improving mortality. The assumptions are unchanged between 31 March 2023 and 31 March 2024.
- the future investment returns assumed, which are 3.7 for the next year, reducing to 1.8% by 2034.

**Vested Benefits Ratio – 31 March 2024**

The vested benefits are the benefits contributors would have been entitled to if they left the Scheme on the valuation date.

The total value of vested benefits is determined by the Actuary as the sum of the greater of, for each contributor:

- the value of the benefit to which the contributor would have been entitled, had the contributor resigned from his or her contributing employer (resignation basis), as at 31 March 2024 assuming:
  - pension entitlement for those entitled to a pension; the value of pension entitlement is taken as the amount which would have been transferred to the DBP Annuitants Scheme. Contributors are assumed to commute 15% of the pension for a cash lump sum.
  - lump sum entitlement based on a refund of contributions with interest, and
- the transfer value the contributor would have received if the contributor had transferred out of the Scheme (transfer basis) on 31 March 2024.

The vested benefits ratio of the Scheme is the ratio of the net assets available to pay benefits to the value of vested benefits.

The vested benefits ratio calculated, as at 31 March, is shown below:

<b>Vested benefit – funding basis</b>	<b>2024</b>	<b>2023</b>
	\$000	\$000
Present value of -		
Vested benefits	<b>(17,378)</b>	(24,698)
Net assets	<b>16,129</b>	21,340
Deficit	<b>(1,249)</b>	(3,358)
Vested benefits ratio	<b>92.8%</b>	86.4%

This table should be read in conjunction with note 11.

The most financially significant assumptions are the same as shown above.

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

**13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2021**

Under the National Provident Fund Restructuring Act 1990 and the Financial Markets Conduct Act 2013 a statutory actuarial examination of the Scheme is required every three years.

The most recent statutory actuarial examination was prepared, as at 31 March 2021, by Christine Ormrod BA FNZSA FIA, the Actuary to the Scheme, and is dated 14 October 2021. It covers the three years 31 March 2018 to 31 March 2021.

The following table shows the summary results of the valuation on the funding basis:

Valuation date	2021 (\$000)	2018 (\$000)
<b>Present value of -</b>		
Past service liabilities	(56,107)	(116,766)
Net assets	57,369	114,853
Past service surplus/(deficit)	1,262	(1,913)
Future service liabilities	(2,634)	(8,686)
Contributors' future contributions	1,049	3,297
Net future service liability	(1,585)	(5,389)
Total service (deficit)	(323)	(7,302)
Funding level (net assets/ past service liabilities)	102.2%	98.4%
Employer contribution rate (future service), as a multiple of contributor contributions	2.5	2.4

The above figures are rounded and so may not appear to add exactly.

This table should be read in conjunction with note 11.

The total service deficit is the amount the Scheme is expected to require to meet its liabilities in addition to contributors' future contributions. It is calculated on the basis future experience is as assumed and the assumptions do not change in the future. Employer Superannuation Contribution Tax would need to be paid in addition, indicating the valuation shows that a future employer contribution of \$0.5 million will be required (\$0.3 million plus \$0.2 million tax).

There was a significant improvement in the financial position of the Scheme over the three years.

In the report on the examination the Actuary recommended:

- An employer contribution rate of between two and four times contributor contributions:
  - If the Board remained with the current investment strategy, the Actuary recommended an employer contribution rate of two times contributor contributions. This is higher than the theoretical employer contribution rate to make allowance for some of the factors which could lead to an increase in the employer contribution rate in the future.
  - If the Board moves to a conservative investment strategy as indicated, the Actuary recommended that the employer contribution rate be retained at four times contributor contributions. This would result in no change to the employer contribution rate.

**DBP Contributors Scheme (the Scheme)**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2024**

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**13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2021 (CONTINUED)**

- An actuarial valuation of the Scheme at 31 March 2022 to review the employer contribution rate.
- The Board does not amend the trust deed to increase the benefits payable from the Scheme.
- The Board determines what it considers the maximum reasonable employer contribution rate is, in the event that the Scheme position deteriorates in the future.
- The Board proceeds with the planned review of the investment strategy and repeats this review not later than the end of 2024.
- The Board continues to ensure contributors who have reached age 65 are advised of the implications of remaining in the Scheme after age 65 as it is not necessarily in the contributor's best interests to remain in the Scheme after age 65.

The Board accepted the recommendations of the Actuary and the employer contribution rate is maintained at four times contributor contributions. The Board has reviewed the investment strategy and adopted a more conservative investment strategy.

The ratio of the net assets to the value of past service liabilities is known as the funding level. A funding level of 100% indicates a balance between the net assets and the past service liabilities of the Scheme, as at the date of valuation. The funding level of the Scheme on the funding basis, as at 31 March 2021, was 102.2%. This showed the Scheme had sufficient assets, as at that date, to meet its past service liabilities under the valuation assumptions.

The funding level was expected to increase to 104.7%, by 31 March 2022 and 108.6% by 31 March 2024. This assumed the experience of the Scheme would be in line with the valuation assumptions and that employer contributions would be four times contributor contributions from 1 April 2021. However:

- As contributors can elect a transfer benefit or their pension entitlement, the financial position of the Scheme is impacted by the number of contributors electing the different benefits and their relative values.
- The funding level is sensitive to changes in the expected future assumptions for the transfer of assets to the DBP Annuitants Scheme.
- The experience of the Scheme will inevitably be different to the assumptions to a greater or lesser extent and membership experience tends to reduce the funding level.
- The employer contribution is to be reviewed on an annual basis and is likely to change over the next three years.

Consequently, the actual future funding level is difficult to predict.

The value of net assets was 96.9% of the value of the vested benefits, as at 31 March 2021. The sum of the value of benefits on the transfer basis is designed to equal the net assets of the Scheme. As the value of vested benefits is calculated for each contributor as the greater of the transfer basis and the resignation basis, the total value of vested benefits is expected to continue to be greater than the net assets of the Scheme.

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

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### **13 STATUTORY ACTUARIAL EXAMINATION – 31 MARCH 2021 (CONTINUED)**

The most significant actuarial assumptions used by the Actuary were:

- The difference (0.2% per annum to 31 March 2031 and 1.1% per annum thereafter) between the investment return and the rate of CPI inflation assumed when calculating future factors for the transfers from this Scheme to the DBP Annuitants Scheme.
- The future investment returns assumed over the next ten years (2.3% pa).

The Actuary did not express an opinion on the financial condition of the Scheme.

### **14 FINANCIAL RISK MANAGEMENT**

The Scheme invests in units of the GAT based on the SAA determined for the Scheme (see note 3). The unit fund holds Cash instruments. These instruments are all measured at fair value.

Under *NZ IFRS 13: Fair Value Measurement* (NZ IFRS 13), disclosures for fair value instruments are required using a three-level fair value hierarchy. These tiers reflect the availability of observable market inputs. The scheme's investment in units of the GAT is classified as a level 2 investment as the unit prices are based on a net asset valuation derived from either quoted prices for similar assets or unquoted but observable inputs.

The Scheme's major risk in relation to its investment in the GAT is the price risk that the value of its units may fluctuate. Other risks, such as market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk, are managed in the GAT.

For more information on the disclosures under NZ IFRS 13 and the risks mentioned above reference should be made to the financial statements of the GAT. A copy of the financial statements of the GAT can be viewed on the National Provident Fund's website ([www.npf.co.nz](http://www.npf.co.nz)).

The Board manages the other risks by determining a diversified SAA appropriate for the Scheme's liabilities. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

The long run investment return for the Scheme is estimated to be 2.6% per annum. The volatility is expected to be +/- 0.9%. This is based on the Scheme's SAA and the long-term rate of return for each asset class (after investment management, custody fees and tax), and after deducting a provision for the Scheme's operating expenses (after tax).

### **15 SUBSEQUENT EVENTS**

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



**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

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## **16 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The following accounting policies have been applied consistently to all periods presented in these financial statements.

### **16.1 BASIS OF PREPARATION**

The financial statements have been prepared under the requirements of clause F32 of the Scheme Trust Deed and in accordance with the FMCA. For a description of the Scheme and its funding arrangements see note 1.

### **16.2 STATEMENT OF COMPLIANCE**

These financial statements 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.

### **16.3 MEASUREMENT BASE**

The measurement base adopted is that of historical cost, except for investment assets which are stated at their fair value as set out below.

### **16.4 PRESENTATIONAL AND FUNCTIONAL CURRENCY**

The financial statements are presented in New Zealand dollars, the Scheme's functional currency, rounded to the nearest thousand dollars (\$000).

### **16.5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In compliance with NZ IFRS, preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

Judgement has been applied in the classification and measurement of financial assets. This policy has a material impact on the amounts disclosed in the financial statements.

There are no material assumptions or major sources of estimation uncertainty that have a material risk of causing material adjustments to the carrying amounts of scheme assets at year end. Investment asset values are subject to variation due to market fluctuations. Receivables have been valued in accordance with NZ IFRS 9. Under this standard the scheme has adopted the simplified expected credit loss model.

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

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

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## **16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **16.6 FINANCIAL INSTRUMENTS**

Financial instruments include both financial assets and financial liabilities.

Financial assets include balances due from contributors, and receivables from related parties (if applicable).

Financial liabilities, measured at amortised cost, include accounts payable and bank overdrafts (if applicable).

### **16.7 RECOGNITION**

The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes a contractual party to the financial instruments.

### **16.8 MEASUREMENT**

Financial assets that are classified at fair value through profit or loss are measured at fair value where all resulting gains or losses are recorded in the Statement of Changes in Net Assets.

Financial assets and financial liabilities are recorded at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

### **16.9 DERECOGNITION**

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Scheme 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 expires.

### **16.10 CONTRIBUTIONS**

Contributions are recognised in the Statement of Changes in Net Assets when they become receivable.

### **16.11 BENEFITS AND PENSIONS**

Benefits are recognised in the Statement of Changes in Net Assets when a request for payment is made and all relevant criteria for payment has been met.

### **16.12 INVESTMENT INCOME RECOGNITION**

Interest income is recognised using the effective interest rate of the instrument. Changes in the fair value on GAT unit funds are recognised in the Statement of Changes in Net Assets. Interest income on financial assets classified at fair value through profit or loss, is accrued at balance date.

**DBP Contributors Scheme (the Scheme)  
Notes to the Financial Statements  
for the year ended 31 March 2024**

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**16 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**16.13 TAXATION**

Any income or loss arising from the movement in the fair value of the unit funds of the GAT is received by the Scheme tax paid.

The Scheme takes a responsible and transparent approach to tax which follows the spirit of the law in addition to the pure interpretation of the law.

**16.14 STANDARDS ISSUED BUT NOT EFFECTIVE**

Certain new accounting standards and interpretations have been issued that are not mandatory for 31 March 2024 reporting periods and have not been adopted early by the Board. None of these standards are likely to have a material impact on the Scheme when they are adopted.

**17 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

There have been no changes in accounting policies or disclosures. New standards and interpretations that are mandatory for 31 March 2024 reporting periods have been adopted with no material impact on the financial statements

**DBP Contributors Scheme (the Scheme)  
Trustee's Report  
for the year ended 31 March 2024**

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## **18 OTHER INFORMATION**

The Board, as Trustee of the Scheme, provides members with the following information:

### **18.1 SCHEME MEMBERSHIP**

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

	<b>Contributors</b>
<b>Opening membership as at 1 April 2023*</b>	<b>44</b>
Deaths and disablements	-
Extinguished liabilities <sup>+</sup>	-
Retirements	-
Transfer to DBP Annuitants Scheme	(8)
Transfers	(7)
Withdrawals	-
<b>Closing membership as at 31 March 2024</b>	<b>29</b>

\* Following a trust deed amendment on 1 July 2005, once reasonable efforts have been made to locate a member, who has been missing for at least five years, the Board may extinguish the liabilities to that member.

<sup>+</sup> Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

### **18.2 CONTRIBUTIONS RECEIVED AND BENEFITS PAID**

On the basis of evidence available, the Board believes 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.

### **18.3 VESTED BENEFITS**

The Board, based on the advice of the Actuary, certifies that the net market value of the Scheme's net assets was less than the total value of the vested benefits of the Scheme, as at 31 March 2024 (refer note 12 to the financial statements).

### **18.4 INVESTMENT WITH PARTIES TO THE SCHEME**

The Board confirms that, to the best of its knowledge, not more than 10% of the net market value of the Scheme assets were invested with the employers (or associated entities), either directly or indirectly, who are parties to the Scheme.

### **18.5 TRUST DEED**

The Scheme Trust Deed was last amended on 3 October 2023. The primary amendment allows contributors to elect to receive their pension at age 60 while still in employment. In addition, if a member is over age 65, no longer contributing to the Scheme and has not made a valid election, the Board may by 6 months' notice make an election on the member's behalf and transfer their entitlements to the DBP Annuitants Scheme.

**DBP Contributors Scheme (the Scheme)  
Trustee's Report  
for the year ended 31 March 2024**

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**18 OTHER INFORMATION (CONTINUED)**

**18.6 DIRECTORY**

<b>Trustee</b>	<b>Board of Trustees of the National Provident Fund</b> Members of the Board are: Edward Schuck (Board Chair) Graham Ansell Tracey Berry Louise Edwards Lloyd Kavanagh Sarah Park (Deputy Chair)
<b>Administration manager</b>	Datacom Connect Limited
<b>Investment managers</b>	<b>Cash Manager</b> Bank of New Zealand Limited (Appointed 25 September 2023)  <b>Fixed Interest Managers</b> Macquarie Asset Management (NZ) Limited (Terminated 20 April 2023)  <b>New Zealand Equity Managers</b> Devon Funds Management Limited Harbour Asset Management Limited  <b>Overseas Equity Managers</b> Arrowstreet Capital, Limited Partnership Lazard Asset Management, LLC T. Rowe Price Australia Limited  <b>Foreign Exchange Hedging Manager</b> Bank of New Zealand Limited
<b>Actuary</b>	Christine Ormrod, PricewaterhouseCoopers Consulting (New Zealand) LP
<b>Auditor</b>	Pam Thompson, Deloitte Limited (on behalf of the Auditor-General)
<b>Solicitor</b>	DLA Piper New Zealand
<b>Bank</b>	Bank of New Zealand
<b>Custodian</b>	JP Morgan Chase Bank

**DBP Contributors Scheme (the Scheme)  
Trustee's Report  
for the year ended 31 March 2024**

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**18 OTHER INFORMATION (CONTINUED)**

**18.7 CORRESPONDENCE**

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

25 June 2024

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DBP CONTRIBUTORS SCHEME

The Auditor-General is the auditor of DBP Contributors 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 financial statements of the Scheme on his behalf.

#### Opinion

We have audited the financial statements of the Scheme on pages 1 to 14, that comprise the Statement of Net Assets as at 31 March 2024, the Statement of Changes in Net Assets 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 Scheme on pages 1 to 14:

- present fairly, in all material respects:
  - its net assets as at 31 March 2024 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 IFRS Accounting Standards ('NZ IFRS') and IFRS Accounting Standards ('IFRS').

Our audit was completed on 25 June 2024. 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

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in informing our audit opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
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**Actuarial deficit and valuation of the promised retirement liabilities (Note 12)**

On 19 June 2024, the Scheme obtained an interim update letter as at 31 March 2024 from its actuary which showed vested benefits of \$17.4 million. This compared to the net assets of \$16.1 million resulting in a Scheme actuarial deficit of \$1.3 million.

The interim update letter uses the latest triennial valuation as at 31 March 2021 as a base and certain assumptions were updated with available latest information.

The interim update letter is inherently subjective and is affected by use of assumptions such as:

- The differences between future investment returns and rates of CPI inflation;
- Future investment returns assumed; and
- Pensioner mortality assumptions.

As noted in Note 11 under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

We have included the actuarial deficit and valuation of the promised retirement liabilities as a key audit matter due to the significance of the disclosures to the financial statements and the subjectivity of the assumptions inherent in estimating the amount.

Our audit procedures included the following:

- Testing the underlying data provided to the actuary and confirming that these agree to underlying records.
- Evaluating the competence and objectivity and relevant experience of the Scheme's actuary.
- Engaging our internal actuarial specialist to independently understand, challenge and evaluate:
  - The work and findings of the Scheme's actuary.
  - The actuarial methods and assumptions employed, specifically, the differences between future investment returns and rates of CPI inflation, future investment returns assumed and pensioner mortality assumptions.
- Evaluating the related disclosures about the Scheme's vested benefits and promised retirement liabilities, and the risks attached to them which is included in Note 12 to the Scheme's financial statements.
- Assessing the related disclosures concerning the Scheme's vested benefits deficit and any plan by the Crown to fund benefit payments as they fall due.



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

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

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

In preparing the financial statements, the Board of Trustees is responsible on behalf of the Scheme for assessing the Scheme'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 intends to wind-up the Scheme or to cease operations, or have no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Financial Markets Conduct Act 2013 and section F32 of the Scheme's Trust Deed.

## **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 members, 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 Scheme'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 Scheme'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 Scheme 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 is responsible for the other information. The other information comprises the information included on pages 1 to 17 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 Scheme 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 Scheme.



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

# 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](http://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](mailto: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](http://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.