



# SUMMARISED ANNUAL REPORTS

FOR THE YEAR ENDED 31 MARCH 2009

## DBP ANNUITANTS SCHEME

**Deloitte.**

This audit report relates to the summary financial statements of the DBP Annuitants Scheme for the year ended 31 March 2009 included on this website. The Board is responsible for the maintenance and integrity of this website. We have not been engaged to report on the integrity of this website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on this website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements and related audit report dated 24 June 2009 to confirm the information included in the audited summary financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements and summary financial statements may differ from legislation in other jurisdictions.



NATIONAL  
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# DBP ANNUITANTS SCHEME

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2009

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 2009. Further information on the National Provident Fund's activities and commentary on the Scheme's investments are set out in the Review.

## YOUR SCHEME AT A GLANCE

### CROWN GUARANTEE

The Scheme's solvency position is set out in a table in this report. The numbers in the table show that the net assets are insufficient to meet the Scheme's current and future obligations to pay pensions.

The net assets available to pay the benefits of the Scheme were exhausted in May 2009, after a provision was made for future operating expenses. However, members should not be concerned as the benefits payable by your Scheme are Crown guaranteed.

A call was made under the Crown guarantee in May 2009 and the first payment from the Crown to fund the pension benefits payable by the Scheme was received on 27 May 2009. From May, the Crown is meeting the cost of paying pension benefits from the Scheme as they fall due.

The Board provides information to the Crown on an annual basis on the financial position of the Scheme and the Crown has made a provision in its financial statements for the future funding of the Scheme.

### INCREASE IN ENTITLEMENTS FOR SOME MEMBERS

During the year the Board sought and received approval from the Minister of Finance for an amendment to your Scheme trust deed to provide for cost of living indexation of the full increase in the Consumer Price Index from 2 April 2009, for those annuitants who were in receipt of less than 100% indexation of the annuities, with the lower than 100% increase continuing to apply before 2 April 2009. The increase in the liabilities of the Scheme, caused by the amendment, was funded by a transfer of \$1,571,000 from the Board Reserves administered by the Board.

The Board is very pleased to be able to implement this change. Members eligible for increases in their pensions, as a result of the amendment, will have received a letter in confirmation from the Scheme administrator, Jacques Martin.



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The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2009.

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

Members are welcome to contact the Scheme administrator, Jacques Martin (see details on back page), for a free copy of the Scheme's full financial statements.

# YOUR SCHEME AT A GLANCE

DBP ANNUITANTS SCHEME

## INVESTMENT PERFORMANCE

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2009 was 5.03%.

The Scheme invests only in cash. The return achieved (before tax and expenses) was 8.0%, compare to the benchmark index of 7.7%.

For an overview of the financial performance of the Scheme, and the key statistics of your Scheme over the last 10 years, please refer to the tables on the following pages.

## SOLVENCY POSITION

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

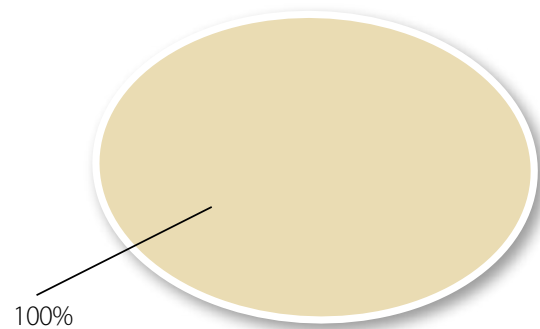
	2009	2008
	(\$000)	(\$000)
Net assets	56,266	131,886
Liabilities/vested benefits	(1,183,854)	(1,202,866)
Funding level	4.8%	11.0%

## WHO INVESTS YOUR MONEY

- AMP Capital Investors (NZ) Limited
- ANZ National Bank Limited
- Bank of New Zealand

## HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation benchmark is set by the Board and reviewed regularly. The pie chart shows the Scheme's current asset allocation benchmark.



Cash

See our website and the Scheme trust deed for more information about your Scheme – [www.npf.co.nz](http://www.npf.co.nz)

# SUMMARY FINANCIAL STATEMENTS

## DBP ANNUITANTS SCHEME

<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p>	INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009		
		2009 (\$000)	2008 (\$000)
	Investment income/ (loss)	5,266	(8,741)
	Less operating expenses	(708)	(662)
	Net income/ (loss) before tax	4,558	(9,403)
	Add income tax credit	54	78
	<b>Net income/ (loss) after tax</b>	4,612	(9,325)
	Distribution from Board reserves	1,571	-
	Transfers from the DBP Contributors Scheme	18,104	17,534
	Less benefit payments	(99,907)	(99,683)
	<b>Net membership activities</b>	(80,232)	(82,149)
	Decrease in net assets for the year	(75,620)	(91,474)
	Net assets available to pay benefits at beginning of year	131,886	223,360
	<b>Net assets available to pay benefits at end of year</b>	56,266	131,886

<p>This is a summary of the cash flows through the Scheme during the year.</p> <p>Cash was received from: • operating activities (being contributions less benefit payments and operating expenses), and • investing activities.</p> <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>	CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2009		
		2009 (\$000)	2008 (\$000)
	Opening cash brought forward	4,989	1,763
	Net cash flows from operating activities	(78,563)	(80,994)
	Net cash flows from investing activities	81,347	84,220
	Net increase in cash held	2,784	3,226
	<b>Closing cash carried forward</b>	7,773	4,989

<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2009.</p> <p>Assets include the Scheme's investments in cash, fixed interest, property, New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others.</p> <p>Liabilities are what the Scheme owed to others.</p>	BALANCE SHEET AS AT 31 MARCH 2009		
		2009 (\$000)	2008 (\$000)
	<b>Investment assets</b>		
	Cash Unit Fund	47,695	-
	Fixed Interest Unit Fund	-	25,655
	Property Unit Fund	-	12,930
	New Zealand Equity Unit Fund	-	23,209
	Overseas Equity Unit Fund	-	62,564
		47,695	124,358
	<b>Other assets</b>	8,665	8,364
	<b>Total assets</b>	56,360	132,722
	<b>Less liabilities</b>	(94)	(836)
	<b>Net assets available to pay benefits</b>	56,266	131,886

# NOTES AND REPORTS

## DBP ANNUITANTS SCHEME

### NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

The summarised financial statements:

- have been extracted from the final full financial statements which were:
  - prepared in accordance with, and comply with, NZ IFRS and NZ GAAP;
  - authorised for issue by the Board on 24 June 2009; and
  - audited and received an unqualified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars;
- are for a profit oriented entity; and
- comply with Financial Reporting Standard 43.

### BOARD OF TRUSTEES' REPORT

For the year ended 31 March 2009

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information, as required by the Second Schedule to the Superannuation Schemes Act 1989.

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

	Pensioners
Opening membership as at 1 April 2008	6,990
Transfers from DBP Contributors Scheme	44
Pensioner change of beneficiary	101
Deaths	(353)
<b>Closing membership as at 31 March 2009</b>	<b>6,782</b>

Under the terms of the Scheme trust deed, contributions are not required to be made to the Scheme.

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 certifies, based on the advice of the Actuary, that the net market value of the Scheme's assets was less than the total value of the vested benefits of the Scheme, as at 31 March 2009.

### TRUST DEED AMENDMENT

The Scheme trust deed has been amended, since the date of the last report, to provide for cost of living indexation of the full increase in the Consumer Price Index from 2 April 2009, for those annuitants of the Scheme who were in receipt of less than 100% indexation of the annuities, with the lower than 100% increase continuing to apply before 2 April 2009. A copy of the trust deed is available on [www.npf.co.nz](http://www.npf.co.nz).

### AUDITOR-GENERAL'S REPORT

#### To the members of the DBP Annuity Scheme

We have audited the summary financial statements of the DBP Annuity Scheme (the Scheme) for the year ended 31 March 2009 as set out in this annual report. The Auditor-General has appointed me, Ian C Marshall, using the staff and resources of Deloitte, to carry out the audit of the summary financial statements of the Scheme, on his behalf, for the year ended 31 March 2009.

#### Board of Trustees' Responsibilities

The Board of Trustees is responsible for the preparation of summary financial statements, in accordance with New Zealand law and generally accepted accounting practice.

#### Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the summary financial statements.

#### Basis of Opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We planned and performed procedures to ensure the summary financial statements are consistent with the full financial statements on which the summary financial statements are based. We also evaluated the overall adequacy of the presentation of information in the summary financial statements against the requirements of FRS-43: *Summary Financial Statements*.

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

#### Unqualified Opinion

In our opinion, the information reported in the summary financial statements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements from which it is derived and upon which we expressed an unqualified audit opinion in our report to the members dated 24 June 2009.

For a better understanding of the scope of our audit of the Scheme's financial statements and of the Scheme's balance sheet, income statement and cash flows for the year ended 31 March 2009, this report should be read in conjunction with the Scheme's audited financial statements for that year.

Our examination of the summary financial statements was completed on 24 June 2009 and our unqualified opinion is expressed as at that date.

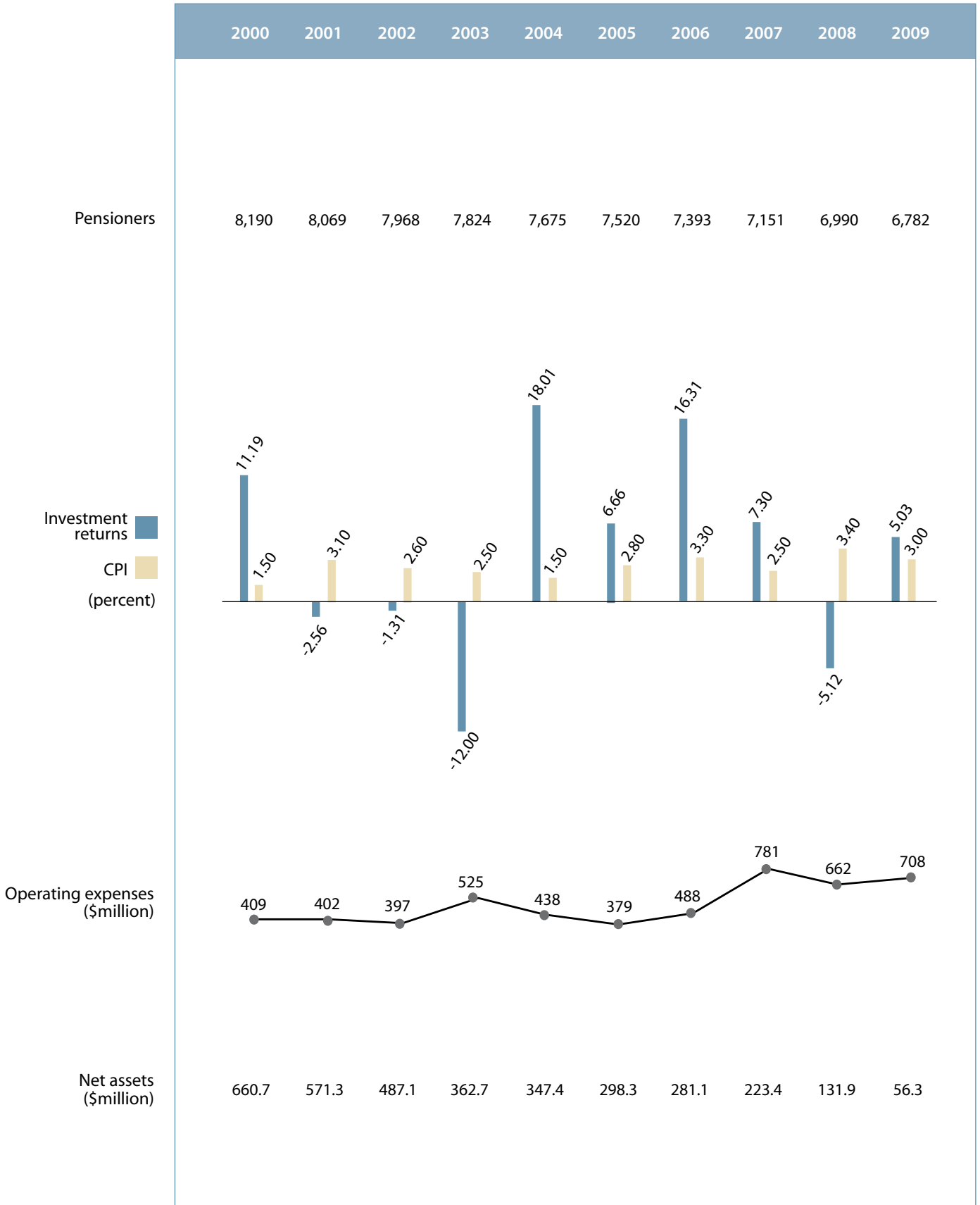


I C Marshall  
Deloitte  
On behalf of the Auditor-General  
Wellington, New Zealand  
24 June 2009

**Deloitte.**

# 10 YEAR COMPARISON

DBP ANNUITANTS SCHEME



# DIRECTORY AS AT 24 JUNE 2009

## DBP ANNUITANTS SCHEME

### BOARD MEMBERS



#### SUE SHELDON CNZM, BCOM, FCA

Sue Sheldon (appointed to the Board in 2001 and as Chairman in 2003) is a professional company director. She is a director of listed companies Freightways, Smiths City Group and Contact Energy, Chairman of Wool Industry Network, Deputy Chairman of Christchurch International Airport and a director of Electronic Transaction Services and the Reserve Bank. Sue is a former President of the Institute of Chartered Accountants of New Zealand.



#### PAUL FOLEY LLB, BCA

Paul Foley (appointed August 2008) is a partner of Minter Ellison Rudd Watts with over 20 years' experience in the corporate, securities and financial services areas and a member of that firm's Board of Management. He is a director of the listed oil exploration and production company New Zealand Oil & Gas Limited and a board member of Queen Margaret College, Wellington.



#### ROGER KERR BCOM CA, FNZIM, FCTP

Roger Kerr (appointed 2003) is a director of, and shareholder in, Asia-Pacific Risk Management Limited, an advisory firm specialising in interest rates, debt, foreign exchange and corporate treasury management, and ETOS Limited, a company which manages outsourced treasury services. Roger has 25 years' investment banking and financial markets experience. He is an advisory board member of the New Zealand Government Debt Management Office, Chairman of Trust Investments Management Limited, Chairman of PIE Funds Management Limited, a director of Select Access New Zealand Limited (Deutsche Bank) and a Trustee of Auckland City Mission Foundation.



#### NOELINE MUNRO DIPNZSE, FNZIM

Noeline Munro (appointed 2001) is an Investment Adviser with ABN AMRO Craigs Limited. She is an NZX Adviser, Fellow of the Institute of Directors, Fellow of NZ Institute of Management Inc, a director of St James Multiplex Limited and Trustee to the NZ Institute for Cancer Research Trust and the Otago Community Trust.



#### CATHERINE SAVAGE BCA, CA

Catherine Savage (appointed April 2009) is a director of, and shareholder in, CMS Capital Limited and NZX Incognito Limited, and a director of Savage Group Limited, The Griffin Savage Co Ltd, Pathfinder Asset Management Limited and SAFCO Limited. She is also the Chairman of the Management Board of Samuel Marsden Collegiate School.



#### ROY TIFFIN BA (HONS IND ECON), FCA

Roy Tiffin (appointed 2004) is a Wellington Chartered Accountant with over 40 years' private and public sector audit experience, and is a past President of the Institute of Chartered Accountants of New Zealand. Roy is a Trustee of the Auckland University of Technology Millennium Ownership Trust and the General Manager of the Accounting Standards Review Board. He is also Chair of the Audit Committees of the Treasury and the Department of Labour, and an external member of the Audit Committee of Auckland City Council.



#### MARY WATSON PHD, MA (HONS)

Mary Watson (appointed 2005) is currently employed as a Portfolio Manager on the Poutama Maori Business Trust. Previously she was a member of the Public Trust Investment Board and has worked in research and analytical roles for broking firms.

### MANAGEMENT



**ALAN LANGFORD**  
Chief Executive



**EUAN WRIGHT**  
Board Secretary and  
Chief Financial Officer



**PHILIPPA DRURY**  
General Manager, Schemes



**PAUL BEVIN**  
General Manager,  
Investments



**PETER MCCAFFREY**  
Manager, Special Projects



**NICKY RUMSEY**  
Manager, Investments



**JANET SHIRLEY**  
Manager, Schemes



Jacques Martin New Zealand Limited is the administrator of the NPF Schemes.

#### Contact details

You are welcome to contact Jacques Martin 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 Jacques Martin.

#### Free phone: 0800 628 776

between 8.00am and 5.15pm  
Monday to Friday

Phone: (04) 381 0500

Fax: (04) 381 0501

#### Post:

The Manager  
National Provident Fund Administration  
Jacques Martin New Zealand Limited  
PO Box 606  
Wellington 6140

Email: [enquiries@jacquesmartin.co.nz](mailto:enquiries@jacquesmartin.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 the NPF website – [www.npf.co.nz](http://www.npf.co.nz).

#### To contact the Board of Trustees write to:

The Board Secretary  
Board of Trustees of the  
National Provident Fund  
Level 12  
The Todd Building  
95 Customhouse Quay  
Wellington 6011

**Actuary:** Christine D Ormrod,  
PricewaterhouseCoopers

**Bank:** Bank of New Zealand

**Custodian:** JP Morgan Chase Bank, N.A.

**Solicitors:** Chapman Tripp